

ELEMENTS OF CIVICS

PART II

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POLITICS

What is Politics?

Politics is the science of government. It makes a systematic study of the state and of government and of the various relations between the state and the individual.

Importance of the Study of Politics

Politics is a very important study because every one who lives under a government should know what are the fundamental principles underlying a government, what are the duties of a citizen towards his government and also what are his rights which the government should protect.

This knowledge is all the more important to us who live in India. The problem of government which is difficult everywhere is doubly so in India because India is governed by foreigners.

The goal of all our present-day political activities is Swaraj or Home Rule. The sons and daughters of India—the students of to-day who will be citizens to-morrow—should know the basic principles on which all governments rest. They should know the conditions which make good government possible. The study of government, therefore, is one which no Indian student, who has the good of his country at heart, should neglect.

CHAPTER I

ORIGIN AND DEVELOPMENT OF SOCIETY

"The citizen's life touches the present most directly, but the present is a continuation of the past, and therefore he should know something of the growth of institutions." Let us therefore deal briefly with the origin and development of human society. The first question which naturally suggests itself to a student of Civics is: how and when men came to live in society, in other words, *what is the origin of society?* The answer is: *men group together and form into communities, because, firstly, they, by nature, abhor loneliness and love company, and, secondly, they cannot live long without mutual aid. Society is a necessity to them for the latter reason. Thus men live in society both by nature and necessity, Nature impels and necessity compels men to live in society.*

It is impossible to indicate any point in history at which men began to live a social life for the first time. But it is important to note that though men lived in society even at the very beginning of human history, primitive society was different in many important respects from modern society. Society* has passed through various

* An aggregate of men living together and united by common interests and relationships may be termed a society. A human society is distinguished from the types of social life exhibited by a lower order of beings, e.g., bees, wasps, ants, in that there is in the minds of the members of human society a common consciousness of mutual interests and aims.

phases of development before it has reached its present form. Nor has the development taken place uniformly in all countries. The tendency of modern research is to work out separately the history of society for each cultural area.

Thus many scholars regard the present social life as the product of a long evolution which we can trace from the family.* The family with the eldest male as its head

***Family**—Family may be defined as a social unit consisting of one or more men living normally in the same habitation with one or more women and children, at least during their infancy, that have resulted from, or appear to be connected with, their union. Two broad types of family may be noted, (i) *Patriarchal*, and (ii) *Matriarchal*.

The *patriarchal family* consisted of the father, his wife or wives, his unmarried daughters, his sons with their wives and families, together with the slaves and other property. Descent was traced through a direct male line to a common male ancestor, and the authority over persons and property was vested in the oldest living male. This authority was absolute and undisputed even over the grown-ups. The property and even the lives of the family were at his disposal. The classic example of the patriarchal family is the ancient Roman family where the eldest male held an almost despotic sway over all other members.

Matriarchal families are to be found in Egypt, Tibet, in Southern India and a few other places. Here the lineage is traced through the mother. The mother in such a family, however, has not that supremacy which is enjoyed by the father of a patriarchal family.

A typical modern family consists of the husband, wife and children. In a joint family in India the husband's brothers with their respective wives and children often live in the same family. The father remains nominally and legally the head of the family. If the father is the head of the family, the mother is to-day its centre and on her depends its welfare. The family is an association for the promotion of the common good of the members who compose it. It is in the family that the young citizen first learns the meaning of society and the value of social habits. It is here that he learns to sacrifice himself for the good of others. The family has therefore been called "*the eternal school of social life.*" "*It is the great storehouse in which the hardly earned treasures of the past, the inheritance of spirit and character from our ancestors, are guarded and preserved for our descendants. And*

gradually broadened into the clan* or Gens. The clan developed into the tribe and the tribe† finally gave way to territorial society in the form of commonwealths or states. Family, clan, tribe, state thus form a series of concentric circles, gradually widening out from the same centre.

For a long time after the emergence of the family as the social unit, the individual had no life distinct from that of the family. The next important stage in the development of human society was marked by the recogni-

it gives the great discipline through which each generation learns anew the lesson of citizenship that no man can live to himself alone."

***Clan**

The clan is a group of families with common ancestors. Primitive clans were often distinguished by a distinctive symbol, e.g., snake, kangaroo. The clan is a wider though a more loosely knit social group than the family. In ancient times the clan exercised a great influence in holding men together and inspiring them with the social spirit. In modern times the development of nationality has greatly weakened the influence of clan life.

The clan is a social group of fundamental importance in the structure of many primitive societies. Membership of the clan is determined either by descent through the mother (matrilineal clan) or by descent through the father (patrilineal clan or gens). This does not mean that descent can always be traced though belief in such a descent is always present. *The clan's most striking characteristic is the solidarity of feeling, clan responsibility for individual members.* This unity of the clan frequently extends to political and economic spheres.

†Tribe

The tribe is a group of clans under a recognised chief or chiefs. The tribe is anterior to the modern state. The tribe is believed by some scholars to have been anterior to the family. According to them family life became possible only when nomadic tribes settled on land.

A tribe is defined by Dr. Rivers as a "social group of a simple kind, the members of which speak a common dialect, have a single government and act together for such common purposes as warfare." In the single government of a tribe is implied a political unity of a very simple kind, which may not imply the existence of any obvious mechanism of government.

tion of the importance of the individual as such. It must be here noted that such recognition did not come all on a sudden. It was rather the result of a slow process which began hundreds of years back and lengthened almost into our own times. *The importance of the individual in society has been fully recognised only in comparatively recent times.*

In modern society, the individuals count for much. It is the individuals who are the members of society and for whom society exists. *Modern society exalts the individual.* Whereas in ancient societies the individual counted but for little.

In the next chapter therefore we shall take up the study of the individual in relation to society, the aims of our society and the two important social ideals of order and progress.

Summary.

Men live in society both by nature and by necessity.

The origin and development of society is a long history in which we find family as the first social unit. Next came the clan, then the tribe and then the state and our modern society.

In modern times great importance is attached to the individual who is the social unit.

Questions.

1. What is the origin of society?
2. 'Modern society exalts the individual'—Discuss.
3. Write short notes on

(a) Family (b) Clan (c) Tribe, and narrate their part in the development of society.

CHAPTER II

SOCIETY AND THE INDIVIDUAL

The Individual in relation to Society

The word *Civics* is related to the words *citizen* and *civilisation*. (The study of Civics is the study of the science and art of citizenship. A citizen is an individual but he is not a mere individual, that is, an individual in isolation. A citizen is a civilised individual. Civilisation grows only through the growth of society. It is in society that the individual can be his civilised self. Civics therefore studies the individual in relationship to society.)

The need of Society

We have seen that men live in society both by nature and by necessity. By instinct man is *impelled* to lead a social life. As Aristotle said, man is by nature a social animal. Necessity, too, *compels* a man to live in association with other men. *This necessity is both material and moral.*

(Material necessity consists in the quest of food and in the desire for protection against nature, wild beasts and enemies. These needs are the needs of self-preservation.

Moral necessity consists in the desire for a good and beautiful life. Unlike other animals men possess an almost instinctive moral urge. A good or moral life is only possible when men live in society recognising certain

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common rights and duties which are enforced by habit, custom, public opinion and law! There can be no good life without society. A beautiful life is expressed through love, friendship, science, art and literature. These activities are possible only in and through society.

Civics and Civilisation

‘(The various social activities and relationships of man constitute what is known as civilisation. Civics studies the citizen and his civilisation. The best citizen is he who represents the best elements of civilisation just as the best civilisation is that in which the individual has the fullest scope to be his best.’

As far back as we can look into history and even in the pre-historic period, we find men living together in society. The earliest societies were no doubt rudimentary but there is no evidence of man ever living in a completely pre-social or anti-social stage. We can therefore say that *there is no society without individuals and no individual without society.*

Wherever there is society there is civilisation—even among aborigines and cannibals we have a civilisation primitive in kind. Civilisation has progressed from an extremely low stage to its present high general level and is still progressing towards higher ideals and more complex forms. The good citizen must identify himself wholeheartedly with this progress.’

Progress not uniform nor identical

There are, however, many different types of civilisa-

tion. The progress* of our civilisation has not been on the same lines. Laws, institutions, customs became different in different societies. At the present moment we see that each nation or political community has a culture and heritage peculiar to its own. *The primary aim of the citizen of any given political community is to promote the general good of that community.* But this aim need not be in conflict with *the ultimate aim of all good citizens in all communities—the promotion of the good of humanity.*

Aims of Society

The chief aim of society is *the development of the individual.* Society should be so organised as to give every individual the fullest opportunities for the development of his powers and faculties. Self-development should not be confused with selfishness. No individual should develop at the expense of others. Everyone should co-operate for the general good. The highest development of the self takes place through self-sacrifice, i.e., subordination of

* The beginnings of our civilisation are lost in the shadowy past in which social institutions were being unconsciously formed and its development has followed the general laws of evolutionary growth.

New contacts brought not only new ideas but also new institutions. Thus in the fermentation of ideas from movements and conquests was the door opened to change or progress. The law is, 'adapt or die of stagnation',—the law of life from which there is no escape. Progress lies in this adaptation, in this change. Progress has taken different forms and has proceeded at varying rate in different communities. But in general it has been characterised by man's increasing control over nature and a better and more elaborate social organisation for man: At the same time unconscious evolution has given place to purposeful action and well planned development.

self-interest to the good of society. Service which is the highest social ideal consists in self-development through self-sacrifice.

(As there should be perfect harmony between individuals in a society so there should be *complete accord amongst the nations of the world*. Each nation should have the fullest independence to develop its collective life, culture and ideals but no nation should attempt to thrive at the expense of other nations.) The spirit of sacrifice or service should animate nations as much as individuals. The citizen should be trained not only to place the nation's interests above his own but also, if necessary, the interests of the world above those of his nation.)

(The aims of society are thus (a) the development of the individual in harmony with the good of the nation, and (b) the promotion of national life, culture and ideals in consonance with the good of the world.)

We are beginning to realise that the fullest development of the individual's personality is the main function of society. It is true that *the individual cannot develop his personality at the expense of society or in isolation from it*. He is a part and parcel of society and he must submit himself to social discipline if society is to progress at all. "*Man perfected by society is the best of all animals; he is the most terrible of all when he lives without law and without justice.*"—Aristotle.)

On the other hand, we must not suppose that society is an end in itself, that its happiness is something beyond the happiness of individuals composing it. In the end, *social progress* is the sum-total of individual progress, and even for its own sake society is to take care of the individual. The aim of the Individual as of Society is the making of life everywhere as happy as possible.

The ideals of Order and Progress

Civics is commonly supposed to deal only with

problems of government with special reference to the rights and duties of the citizen. But the scope of Civics is co-extensive with the whole sphere of society.¹

‘Civics however studies society not in the abstract but in the concrete. Its emphasis is on right action and right conduct. Its aim is to find out correct ideals and inculcate them in the mind and character of the individual. These ideals fall under two general heads: (1) *order* and (2) *progress*. The object of *order* is to preserve the best elements of national cultures and civilisations of the world. But neither national nor world culture is perfect. Some elements in them require reform. So an ideal of order is not sufficient in itself; it should be supplemented by the ideal of *progress*. The outlook of the citizen must be progressive.’ It must build upon the past and act in the present with a view to progress in the future. The good citizen must make a ceaseless endeavour to root out all that is evil and seek to introduce all that is good and beautiful in order that we might live a better life.

• Summary.

Civics studies the individual in relationship to society because it is in society that the individual can be his civilised self.

The individual's necessity of society is two-fold—*moral and material*.

There is no society without individuals as there can be no individuals without society.

Civics is related to the word civilisation as it is related to citizenship. It studies both.

The progress of civilisation has not been uniform nor identical.

The main function of society is the fullest development of the life of the individual.

The aims of society are (1) the development of the individual in consonance with the good of the nation, (2) the development of the nation in consonance with the good of the world.

The two great ideals are Order and Progress—the citizen must build upon the past, act in the present with an eye to the future.

Questions.

1. Discuss the place of the individual in society.

or

Can there be individuals without society?

2. What are the aims of society?
3. Explain and examine the ideals of order and progress.

CHAPTER III

EVOLUTION OF THE STATE AND THEORIES OF THE ORIGIN OF THE STATE

The Evolution of the State

(*"The state is the gradual and continuous development of human society, out of a grossly imperfect beginning, through crude but improving forms of manifestation towards a perfect and universal organisation of mankind."* *)

In a previous chapter we have noticed that out of an earlier and chaotic state of *promiscuity* slowly evolved the family, perhaps the first distinct social unit. *The family, perhaps the earliest model of our state, gradually broadened into the clan, the clan into the tribe and the tribe into the state or the commonwealth.*

Thus do people trace the origin of the state though there is no single or uniform origin of the state. It is very difficult to fix precisely the time at which the state came into existence as it is difficult to bring out a sharp distinction "between the earlier forms of social organisation that are not states and later forms that are states", between the last tribal state and our first modern state because the one shades off gradually into the other.) The state, like most of our early social organisations, may be said to have emerged almost imperceptibly.

* Burgess.

The imperfections of our modern national states due to their national rivalries have led many people to think seriously of a more perfect and universal organisation of mankind—the world-state which alone can guarantee order and progress.

Forces in State-Building

Besides the natural and physical factors, the important forces or factors in the building of the modern state, according to Gettell, have been :—

1. Kinship.
2. Religion.
3. Need for Order and Protection.

Each of these promotes unity and organisation without which we cannot have the state.

1. Kinship

In early society kinship, real or supposed, was one of the most powerful bonds of union. People came together and lived together only when they considered themselves of the same blood. *The unity and organisation of the family as of the clan and the tribe derived strength mainly from this idea of kinship.*

How strong was the bond of kinship may be realised when you feel even now the restrictions of the *gotra* and the *caste*, survivals of the old idea of kinship. It is again this kinship which underlies racial pride, e.g., to the Greeks all non-Greeks were barbarians.

2. Religion

The importance of religion as a force in the evolution of the state cannot be over-estimated.

(The solidarity of the tribe was secured and discipline enforced by a religion common to all members of the tribe. Religion in those days regulated every aspect of the life of man. This religion was interpreted by priests and patriarchs who had despotic sway because they were supposed to have divine power being the very agents of the gods. *In the early days of primitive anarchy and barbarism religion alone could teach our noble but ferocious and savage ancestors reverence and obedience. And without these habits*

of obedience and reverence, created and developed by religion, there could not be that discipline and obedience to authority on which all states and governments must rest.)

Thus, through religion the ruler not only derived his authority but also extended it over families and tribes. He was to be feared, revered and obeyed because his commands were all inspired by the gods. And who would dare displease him and the gods and bring his own death and destruction?

The ancient states were accordingly all theocracies and despotisms with religion as their basis. The king was the priest of God or the agent of God. To go against the king was to go against God.

"Long after the ties of kinship had been forgotten with the growth and movements of peoples, common religious beliefs were sufficient to unite peoples, to support dynasties, to create states." Even so late as in the Great War in 1914 the Czar of Russia and the Kaiser of Germany wanted the support of their subjects for their respective thrones on the ground that they were the *chosen of God*. Though the theory of the divine right of kings has long been demolished and abandoned we have it to-day strongly entrenched behind the thrones of Tibet and Nepal (and until recently Siam) with a faint trace left behind the British throne the occupant of which has among his many titles, the title 'Defender of the Faith.'

3. Need for order and protection

In addition to kinship and religion there was also the very important influence of the economic and military factors.

The state arose inevitably out of the need for order and protection felt by the early peoples as they gradually settled down on land to a comparatively peaceful life. The domestication of man made the tribe more stable. It gave up its nomadic, wandering life. With the settlement on land the idea of property developed.)

As numbers and wealth increased, the need was felt for the protection of life and property from internal as well as external aggression.

The emergence of the state was hastened by the need for protection from attacks by hostile tribes. *'War begat the king.'* A war necessitated a chief or general as it demanded united and disciplined action for common defence. Thus did wars strengthen

the unity of the group and the authority of the chief. Successful war leaders have become kings (e.g., the Indian Kshatriya kings were military chiefs of their clans) and wars have established states. 7

These chiefs not only secured the *protection* of the tribes from external attack but also established *order* within by giving their peoples the much needed security of life and property.

{ In the early organisations of state, in the defence and organisation of society, force* was thus an indispensable factor. Still now it is of considerable significance, though with the growth of civilisation, it has steadily declined in importance.

Our preliminary definition of the state would, therefore, be "wherever there can be discovered in any community of men a *supreme authority* controlling the actions of individuals and groups but which is itself not subject to such control or regulation, there we have a state."

Theories of the Origin of the State

Before we come to examine the nature of the state more fully it may be convenient to note here the different theories regarding the origin of the state. These are (1) *the theory of Social Contract*, (2) *the theory of Divine Origin*, (3) *the theory of Force*, and (4) *the Historical or the Evolutionary theory*.

(1) The Social Contract theory

{ The theory of social contract is an old one. It is mentioned by Plato in the second book of his *Republic*. Its greatest and ablest advocate was Rousseau, the great French philosopher.

According to the social contract theory *men, before the appearance of the state, lived in a state of nature in which there*

* The idea of *force* as the basis of the state was in the mind of Ihering when he defined the State 'as the form of a regulated and assured exercise of the compulsory force of society' just as the idea of social organisation was uppermost in the mind of Burgess when he described the state 'as a particular portion of mankind viewed as an organised unit.'

was no civil law regulating men's life. Of the advocates of the social contract theory some say that life in such a state was "solitary, poor, nasty, brutish and short," while others, including Rousseau, depict the state of nature as "an earthly paradise, in which happiness, innocence and the joys of unrestricted freedom abound without limit, where equality reigns, where the yoke of law and the burdens of state press upon the shoulders of no man and where none are subjects and none sovereigns." One of Rousseau's most famous sayings is, "Man was born free, but everywhere he is in chains.")

{ But freedom in a state of nature was necessarily insecure since there was no authority to punish those who would interfere with it. So men entered into a contract by which they surrendered their natural freedom to get in return the protection, and advantages of membership, of an organised community. This is the origin of the state which was based on a contract involving the consent of the people. }

{ The theory had a great influence in moulding the political thought in Europe and America in the 18th and 19th centuries. The idea of consent in the Contract Theory appealed to the French and the American peoples. The French Revolution as also the American War of Independence derived its strength from the ideas contained in the theory that men are born free, that the right to govern has its origin in the consent of the people, and that the powers of government are to be exercised for the general good, }

No doubt there is a great deal of merit in this theory. It puts emphasis on the idea that the authority of the government is derived from the consent of the governed and thus checks governmental tyranny. But it is impossible to hold it as a true theory regarding the origin of the state. }

{ The conception of a state of nature as distinguished from civil society is a difficult and unnatural one. Further, the theory implies a misconception of the nature of liberty since true liberty could not exist in a so-called state of nature. True liberty can exist only in civil society, that is, in a state. The theory thus proves to be false both historically and logically. } The theory has been occasionally criticised as a dangerous one because it tends to diminish men's regard for established authority and can be made to support violent revolutions. }

(2) The theory of Divine Origin

{ This theory states that *the state was founded by God. This theory is allied to that of the divine right of kings according to which kings are the chosen of God and as such they rule by divine right which should on no account be questioned.* }

As Garner puts it, "the theory was never more than an invention of men to bolster up the claims of autocratic rulers to hold their crown independently of the will of the people and to govern absolutely." *{The theory is fully exploded now and there is no enlightened community on earth which believes in the divine origin of the state or in the divine right of kings.}*

(3) The theory of Force

{ According to it, *the state is based on force and is maintained by force. It is a result of the subjugation of the weak by the strong. Civil society had its origin in the stronger getting control over the weaker members of the community. According to this theory, might would be right.* }

{ The theory has been applauded by some as a true theory of the origin of the State. But it is not. There is, no doubt, some truth in this theory. The state requires force. But it is not altogether based upon brute force. One of the permanent bases of the state is the moral support of those over whom it exercises authority. }

(4) The Historical or Evolutionary theory

This is the *soundest and the most commonly accepted theory regarding the origin of the state.* The central idea of this theory is that the state is a historical growth. The elements which helped its development are mainly three: (i) *Kinship*, (ii) *Religion*, and (iii) *Political consciousness*.

{ (i) It was *kinship* or community of blood, supposed or real, which served as the bond of union among men in ancient society. Authority first appeared in the tribal or family organisation. }

{ (ii) *Religion* also played a very important part. Religion has been separated from politics only in comparatively recent times. But in the early stages of human society and for a long time afterwards it governed the secular life of men. The influences of

kinship and religion on the building up of the state have been already discussed at length.

(iii) The most important factor, however, in the development of the state has been *political consciousness*, which means the consciousness of certain common ends, e.g., *internal order and external security*, which can be achieved through political organisation. But these political ends had already been working in human society before they were clearly perceived or understood by men. Kinship and religion themselves served these political ends. Political institutions grew up only gradually. In their rudimentary forms, they could scarcely be recognised as political. In course of time when political consciousness became strong, the other elements played a less and less important part till at last the state became purely a secular and territorial institution.

Summary.

The modern state has evolved slowly and gradually.

Almost imperceptibly the *family* broadened into the *clan*, the *clan* into the *tribe* and the *tribe* into the *state*.

The forces in state-building have been, according to Gettell, (a) *Kinship* (b) *Religion* and (c) *Need for Order and Protection*.

There are different theories about the origin of the state : (1) the Social Contract Theory, (2) the theory of Divine Origin, (3) the theory of Force, and (4) the Historical or Evolutionary Theory.

Of these the last one is generally held to be sound and correct

Questions.

1. Trace the evolution of the modern state.
2. What have been the forces in state-building?
3. What is the true theory of the origin of the state? Explain the theory.

CHAPTER IV

THE STATE

We have discussed already the origin and nature of human society in general as we have also traced the origin and development of the state. In this chapter we shall examine the nature of the state and we shall next proceed to discover the elements which compose the state. In order to do this it is necessary to bring out the distinction between the state and all other societies.

The State and Society

Precisely speaking, a society is a group of persons who are bound together by a common object. We are all familiar with various kinds of such societies. Now, most of them have got *particular or limited objects*. A literary society, for instance, may have for its object the development of a taste for literature. The members of an athletic club meet with a view to playing games or engaging themselves in other athletic pursuits. A church again is a society whose members come together for the furtherance of a common object, namely the realisation of a particular religious ideal.

Now, the state also is a society in so far as it is an association of human beings who are bound together by a common object. *But the state is different from all other societies in this, that the object which the state pursues is general and all-embracing and not particular or limited.*

Though internal peace and external security are looked upon as the things which it is the first duty of the state to secure, the object which the state really should pursue is not a limited one, since that object is the general welfare of the community.

In another respect, too, the state differs from all other societies which are voluntary associations. *Membership of all other associations is a matter of choice as it is voluntary and optional* but membership of the state is compulsory. The decisions of a voluntary association like the church or the cricket club depend for their validity on the willingness of its members to abide by them. The members cannot be physically coerced to obey. The state on the other hand can make its members obey its commands or laws by force or coercion. *In this power of coercion or compulsion lies the essence of the state.*

A further point of distinction is that a person can be a member of many associations at one and the same time (e.g., simultaneous membership of club, church, trade union, social service league), but no person can be a member of more than one state at a time. *The state demands, which other associations do not require, exclusive allegiance to it.*

The nature and purpose of the state

To sum up,

the state is a fellowship of men having for its aim the enrichment, in all possible ways, of our life. The general purpose of the state is the promotion of the common good. This very wide and comprehensive aim gives it a special importance.

*The state is the crowning point of our social edifice. All other associations are subordinate to the state. Its special nature is to be found in this supremacy which it enjoys over others.**

The essence of the state lies in its power of coercion. Membership of the state is compulsory and allegiance to the state is exclusive:

The State defined

When a supreme authority is set up to look after the general interests of the community, the community is said to be politically organised and the state comes into existence. We have seen already that this process of political organisation has been slow and gradual in history. Once established, the state is found to possess certain elements or characteristics. All these elements are set forth in the following definition of the State by Garner :

"The State, as a concept of political science and constitutional law, is a community of persons more or less numerous, permanently occupying a definite portion of territory, independent of external control and possessing an organised government to which the great body of inhabitants render habitual obedience."

* "The State, as Aristotle said long ago, is a sovereign association, embracing and superseding, for the purposes of human life in society, all other associations. The justification of the State's claim to peculiar authority is that experience shows it is mankind's only safeguard against anarchy and that anarchy involves the eclipse of freedom. Freedom and the good life cannot exist without government." Zimmern—*Nationality and Government*.

Essential Elements of the State

The essential elements of the state which are brought out by the above and numerous other definitions are (1) population, (2) territory, (3) government, and (4) sovereignty.

(1) *Population is the first essential element of the state. There can be no state unless there be a number of persons to constitute it. The state emerges when a section of mankind is politically organised.¹ The population* may vary from state to state. Albania has a population of about 8 lakhs whereas China has more than 45 crores.*

(2) *There can be no state unless the people who constitute it occupy a definite territory. A nomadic tribe which wanders from one place to another does not form a state.¹ The wandering tribe may have its chief and its organisation and may be subject to control and discipline yet it does not constitute a state. The tribe is under such conditions only a state in the making but the state is not made until the tribe ceases to wander from place to place and settles down permanently on a definite portion of territory.*

States may be of various sizes. One may have an area of a few square miles, e.g., Monaco, and another may comprise millions of square miles, e.g., Russia with an area of more than 8 million square miles.

* Aristotle was of opinion that there should be a limit to the population of a state. The number should be, according to him, neither too small nor too large. It should be large enough to be self-sufficient and small enough to be well-managed and well-governed. It is impossible to fix a limit to the population of a state though, in certain cases, it may be desirable to have a limit.

(3) *Next comes government* which is also an essential mark of the state.*

'A number of people permanently established on a given territory does not necessarily constitute a state.' It is necessary that they should be politically organised since the state is an organisation for the regulation of our common affairs and the promotion of our common interests. \

(*Without this organisation or government the people cannot constitute a state ; they would be 'an incoherent, unorganised, anarchic mass with no means of collective action, to promote their general interests.'*)

' Government is the machinery of the state and it is through this machinery that the authority of the state is exercised. \

(4) *Lastly, there is the element of sovereignty—the most important mark of the state. Sovereignty is internal as well as external. The enjoyment of this sovereignty is a condition essential to statehood.*'

(A people settled on a definite territory with a government for itself does not constitute a state. *It must be free or independent of foreign control. In other words, it must have external sovereignty. Likewise it must be supreme within—there must be full internal sovereignty.*) The state must have supreme, exclusive, unlimited ultimate control over all persons and things, groups and associations within its own territories.

* 'The organisation or machinery through which the State formulates and executes its will is termed its Government.'—*Willoughby and Rogers*. 'Government is a contrivance of human wisdom to provide for human wants'.—*Burke*.

This supremacy or supreme authority of the state in all affairs, internal as well as external, is known as its sovereign power* and the essence of the state is in its sovereignty.

{ *The idea of the state thus embodies the four elements*
(a) *population*, (b) *territory*, (c) *organisation or govern-*
ment, and (d) *sovereignty*}—all four of which have been

* *A distinction is often made between legal and political sovereignty.*

Legal Sovereignty

Legal sovereignty means the supreme law-making power in the State, i.e., *the supreme authority in law*. In Britain, according to law, the supreme power or authority is vested in the King in Parliament which is therefore the legal sovereign in Britain.

Political Sovereignty

Political sovereignty on the other hand refers to the political power or authority in the state whose will ultimately prevails. *"That body is politically sovereign, the will of which is ultimately obeyed by the citizens of the state."* (Dicey). In Britain though the King in Parliament is the legal sovereign, *the electorate is the political sovereign* because in the end the general body of electors or voters can always enforce their will on the King and on Parliament.

Popular sovereignty

From political sovereignty there is but one step to *popular sovereignty*. We have seen that the British electorate is the political sovereign in Great Britain but as the British electorate practically consists of the entire British people, the political sovereignty or ultimate political power is vested in the people. Thus in the last analysis the people are sovereign. The doctrine of popular sovereignty, that sovereignty resides in the people, was proclaimed by its most ardent champion Rousseau in the 18th century.

His cry was immediately taken up by two great peoples, the French and the American, who, in assertion of the popular rights to sovereign power (*popular sovereignty*), established two of the greatest modern republics after two of the most notable revolutions the world has seen. Popular sovereignty is to-day regarded as the very essence of our modern states. *'It is the basis and watchword of Democracy.'* (Bryce).

put by Woodrow Wilson in his terse definition of the state.

'A state is a people organised for law within a definite territory.'

Is India a State? ✓

We have seen that (there are four indispensable elements of the state—population, territory, government and sovereignty. In a state we must have all four.)

But does India possess all the four component elements? (In India we have a vast population with an equally vast territory, also we have a government but we have no independence, no sovereignty, internal or external.)

There is in India not only Britain's control over her foreign affairs, but also over a large field of her internal affairs. Foreign control of Indian affairs impairs her sovereignty as foreign control or the absence of sovereignty stands in the way of India's statehood. India is not a state because she is not sovereign.

Are the dominions states?

But are the British Dominions states? Have Canada, Australia, the Irish Free State, South Africa and New Zealand attained statehood? The question is a difficult and controversial one. Beyond doubt, the Dominions to-day are free from Britain's control in their internal affairs and also, as they claim, in their external affairs. If the Dominions were free and sovereign they would, no doubt, be states. The legal and international recognition of their statehood would come only when they would publicly and more categorically assume and declare their

sovereign power as was done by the United States of America after the War of Independence. Until they do so, they are but states in effect though not in law, and their present relations with Britain and amongst themselves are those of partners in the British Commonwealth of Nations.)

State and Government\

In common parlance the two terms "state" and "government" are often used synonymously. But when we examine the nature of the state we find that the state and government are not identical. A student of political science should distinguish between the two very carefully. *The state is a politically organised community whereas the government is the manifestation of that organisation. The state is the whole of which government forms only a part.* Government is the machinery through which the state formulates and executes its will.

As Garner puts it,

' "The government is the collective name for the agency, magistracy, or organisation, through which the will of the State is formulated, expressed and realised. The government is an essential mark of the State but it is no more the State itself than the brain of an animal is the animal itself or a board of directors of a corporation is itself the corporation.")

Points of distinction between state and government—

(1) *The state comprises the whole body of the people, whereas the government can include only a section of it.*

\ The word 'government' here merely indicates the necessarily small body of men who happen to be in control

of the machinery of the state and who run the administration. The state, on the other hand, embraces within its fold the entire people, not merely the few who govern but also the rest who are governed.)

(2) *Governments are short-lived (they may change or they may die), but the state is permanent.*

(The state continues even though there may be great changes in the structure and form of the government.

For instance, a monarchy may be replaced by a republic (as in France after the Revolution), one royal dynasty may be overthrown and another set up (as in the case of Afghanistan ex-King Amanullah gave place to the late King Nadir Khan), without the continuity of the state being broken.)

(3) *The individual can have rights against the government but he has no rights against the state.*

The state is the fountain or the source of all our rights. It gives certain rights to the individual as it gives rights to the government. If the government encroaches on the rights of the individual (e.g., if it encroaches on his property or imprisons him wrongfully), the individual has remedies prescribed by law. He can even have his rights enforced against the government.)

But the individual has no rights against the state. For the individual to go against the state would be going against himself.)

(4) *The state is largely an abstraction;* the government is concrete.*

* 'A State, concretely viewed, is a group of individuals regarded as a politically organised unit. In this concrete sense

People, Nation and State

It is necessary now to distinguish the *state* from the *people* and from the *nation*. (*The state is a political concept. It refers primarily to the political unity or organisation of a group of persons. But the unity which is implied in such concepts as people and nation is deeper.*

Let us overlook for the present *the distinction between people and nation** which, according to modern English usage, *lies in this*: that while the former is wholly a racial or ethnic concept; the latter implies ethnic unity *plus* political organisation.

But when we are to *distinguish the nation from the state†* we shall put aside the former's political aspect and

we speak of the English people or the people of the United States of America as constituting a State.

A State, abstractly considered, is an idea, a concept of the jurist or the political philosopher.

The State is regarded by the jurist as a *person* possessing a supreme will, a fictitious person not a true living person, in order to clothe it with its rights, to emphasise its equality with other states and to bring out clearly the legal ideas of a political superior and a political inferior, of a governing authority and a governed body of individuals within the state. The concept of the state is mostly in the realm of ideas existing only in the mind of the constitutional lawyer and is thus largely an abstraction.†

* In political terminology, the terms 'people' and 'nation' have no fixed usage.

† *Scotland is a nation and not a state. So is Poland. So is Finland. Austria-Hungary is a state and not a nation. So is the Ottoman Empire. So is the British Commonwealth. So is the United States.*

It may not be easy to define exactly what a state is. It is certainly not easy to define what exactly a nation is. But at least it ought to be easy to perceive that there is a difference between the two." Zimmern—*Nationality and Government*.

lay emphasis on those other and deeper elements which bind together a group of persons into a nation.

*Nation\

(An ideal nation has been defined as a portion of society definitely separated from the rest of the world by natural geographical boundaries, the inhabitants of which have a common racial origin, speak the same language, have a common civilisation, common customs and traits of character and a common literature and tradition." Community of religion, formerly regarded as an important element, is no longer emphasised in these days of religious freedom and toleration.)

Nation—its tests

As a matter of fact, however, *there is hardly a nation which possesses all the characteristics mentioned above.* Political thinkers differ among themselves as to the relative importance of the different factors that go to constitute a nation. (One political thinker holds community of race to be one of the "most satisfactory tests for determining the existence of a nation." To another, community of civilisation is the test of a nation, but he regards civilisation not so much as "a result of common ethnic origin as an outgrowth of a common historic past." The instances of Russia, Switzerland, Canada, and a number of other nations show that a community of race and even an identity of language may be absent.) Thus it is evident that *all the factors mentioned above need not*

* A nation is a nationality which has organised itself into a political body either independent or desiring to be independent
—Bryce.

be present at the same time) since no one is indispensable in order to constitute a nation. (*Only some may suffice and instances are not rare in history of a nation's coming into existence not through any community of race or religion but through a community of economic and political interests.*) A people becomes a nation when it feels that it is a nation. This national feeling is promoted by the factors mentioned above and derives strength from a common national pride in the country and in its past glories. The unifying bond grows stronger as years roll on drawing the different sections of the nation closer to one another through other common interests.) Common traditions and common traits of character are thus developed.

Is India a nation?

Is India a nation? The question has long been asked without any satisfactory answer being given.

A class of western critics would not recognise India as a nation because of her diversities of race, language, religion and customs. They overlook the fact that underlying all this diversity there is a fundamental unity which gives the key to Indian civilisation and culture.

It has already been observed that (all the different elements of a nation need not be present to constitute it. Only some may suffice. Mechanical tests are out of place here.)

The religious differences, so often emphasised, cannot stand long in the way of the welding of the people of India into one great nation. This process of welding is, in the case of India, coming mainly through a community of political and economic interests as also of certain moral ideals. The spiritual principle of nationality is already there uniting the Indian people closer. Her place in the League of Nations of the World also signifies the recognition by world opinion of India's developing nationhood.*

(* India is a nation because Indians feel themselves to be a nation. They are bound by ties of common sympathy, imbued

*Nation and Nationality *

(Formerly the two words 'nation' and 'nationality' were used synonymously, and they are still used by many eminent writers in the same sense. The present tendency, however, is to make a distinction between them. A 'nation' nowadays connotes, besides other things, a political unity; 'nationality', on the other hand, is taken to mean nationhood and refers chiefly to those factors, namely, common descent, common residence, identity of language, etc., some or all of which testify to the existence of a nation. Further, while a *nation denotes a tangible portion of mankind, nationality stands primarily for an abstract spiritual principle, the essence of nationhood.*)

Nationality is defined by Mr. Zimmern as a form of "corporate sentiment of peculiar intensity, intimacy and dignity related to a definite home country."

with collective self-consciousness and inspired by the common ideal of political self-determination. This feeling of nationhood is based on common culture and civilisation, the common political tradition of an Indian Empire extending from the time of the Mahabharata down to the present day, the common languages of Sanskrit and Persian in the past and English and Hindi at present and common laws and institutions established by the Hindu, Muslim and British Empires in succession. No doubt the factors of nationality are not so strong here as in certain European nations. That is why we find that the national feeling in India is still not fully developed.)

{ * For some political thinkers who regard nation purely as an ethnic concept the distinction between 'nation' and nationality is not an easy one to make. *For them the distinction becomes rather a quantitative than a qualitative one.* As Garner says, "In general, we may say that *nation* is a population of the same race and language, inhabiting the same territory, and *constituting the larger part of its population*; while a *nationality* is usually one of several distinct ethnic groups scattered over the state and constituting but a *comparatively small part of its whole population.*"

So nationality has been described as a spiritual principle or sentiment which binds a people together and which arises out of all or some of the following circumstances, namely common ethnic origin, common residence, identity of language, common traditions, common political aspirations, common or similar religious faith and community of moral ideals and material interests.

Thus it will be seen that when a portion of mankind is (a) imbued with the spirit of nationality and (b) is either organised or capable of being organised in a state, we have a nation.

Summary.

A society is an association of persons with common ends or objects.

The state is also a society but a society with unlimited ends and is superior to all others. The others have particular or limited objects in view.

"A state is a people organised for law within a definite territory." The four essential marks or elements of the state are (1) population; (2) territory; (3) organisation (government); (4) sovereignty.

The general purpose of the state is to promote the common good not merely by its guarantee of peace and order but by the enrichment of our life in all possible ways.

The state must be distinguished from government. The state is the whole of which the government is a part.

Nation is a tangible portion of mankind whereas nationality is an abstract spiritual principle.

When a people is imbued with the spiritual principle of nationality and is also organised or is capable of being organised into a state, we call it a nation.

Questions.

1. Define the state and distinguish it from society.

2. Define and in general terms explain the purposes of the state. (C. U. 1933).
3. "A state is a people organised for law within a definite territory." Explain. (C. U. 1927).
4. What are the essential characteristics of the state? Point out the distinctions between State and Government. (C. U. 1929).
5. What is a nation? Is India a nation? (C. U. 1930).
6. Define—state and government. (C. U. 1931).
7. Distinguish between state and government. (C. U. 1934).

CHAPTER V

LIBERTY AND AUTHORITY

What is Liberty?

The word Liberty is from Latin *liber* which means free. Liberty means the state of freedom especially opposed to restraint, subjection or slavery.

(Generally speaking, *liberty means absence of restraint*. A person is free to act in any matter in which he possesses liberty.) Thus if you have got liberty of movement it means that you can freely move about and nobody can put any restraint on your movement.

But if we look a little more closely into the matter, it will become obvious that *though liberty means freedom from restraint generally, such freedom cannot be absolute*. In fact, *absolute freedom* or want of any restraint *will negative the very benefits of liberty*. For instance, if your liberty of movement were absolute, your neighbour's liberty of free enjoyment of his house would be in danger because, in that case, you could, at any hour of the day or night, enter your neighbour's house and disturb his peace. If you possess a gun and demand the liberty of using it in whatever manner you like, the lives of all, who live within its range, will be insecure and they will have no liberty of person. So true liberty must be distinguished from license, a condition which knows no restraints.)

Kinds of Liberty

(1) Natural Liberty

(*Natural liberty is that which a man might enjoy in an imaginary state of nature when civil society did not exist. It may seem that such liberty was unlimited because there was no state to restrict it. But in reality the liberty in the state of nature was no liberty at all because it left men free to do as they liked.*) Such conditions of life would appeal only to the physically strong. The weak had no liberty and if they did enjoy any, it was on the sufferance of the strong. (The best description of such a state is anarchy and in an anarchy there is no true freedom.)

(2) Civil Liberty

The word civil is from the Latin *civis* meaning a member of a state.

(*Civil liberty is the liberty which a man enjoys in a state or in civil society.*) Rousseau has said, what a man loses by the establishment of political society is the unlimited right to anything in the state of nature which he can obtain: what he gains is civil liberty and the ownership of all that he possesses. The state creates civil liberty which is conditioned by law.* It simply substi-

*** What is law? Law and Liberty**

A law is a rule of conduct which has the sanction of the state and will, if necessary, be enforced by its might. It is thus a command from the political superior to the political inferior. Such rules of conduct prescribed by the state are for our common good. The state is the source of our liberty and its laws are the only guarantees and defenders of our individual freedom.

If there were no laws and no state the liberty of a powerful individual or of a class would have meant the slavery of the rest.

tutes a rule of law for a reign of force. *Civil liberty comprises all those rights embodied in law which protect the individual against private and governmental interference, e.g., liberty of movement, freedom of expression.*

Liberty and Authority

Is there any conflict between the liberty of the individual and the authority of the state? Seeing that the authority of the state implies imposition of restraint and that the liberty of the individual implies absence of restraint, a superficial observer would conclude that there was a real conflict.

On a closer examination, however, we shall see that *liberty and authority exist side by side* and are perfectly compatible. *They are correlative and not contradictory.*

(The establishment of the state or of an authority to regulate the conduct of men does not destroy individual liberty which was insecure and uncertain before. On the contrary, it is the state which creates true liberty by making it certain and secure for all. *In substituting civil*

Even today in primitive or 'law'less societies the chief is free to do whatever he likes with the life and property of his subjects. The one is free, the others are slaves. Not many years back, in England, before the factory laws, the employers were 'free' and even now in some countries the employers are 'free' to make women and children work 16 hours a day for paltry wages. This freedom of the employers means the slavery of the workers.

Experience has taught mankind that in order that every individual, and not the favoured or powerful few, may have liberty, liberty must be defined in the form of laws and guaranteed by the state. Law, properly conceived, has in view the general welfare of the community and is an essential condition of liberty.

Laws are made by men and may, therefore, be imperfect. Some laws there may be that benefit particular classes at the expense of others and may therefore be opposed to the common good. Such class-legislation is a restriction of true liberty.

society for a state of nature, that is, of anarchy, the state secures true liberty for all at the expense of a sort of natural freedom for some.)

The limits imposed by the state or laws are not designed to restrict arbitrarily the freedom of individuals.* Their purpose is to secure for *all* the greatest measure of freedom. (*Law, therefore, is an essential condition of liberty.* It is only by acting according to law that an individual can enjoy his own liberty without being interfered with and without encroaching upon the liberty of another.)

(Those who argue that individual liberty is incompatible with the authority of the state argue from a wrong assumption of a conflict between the state and the individual. *The more perfect the state becomes the more perfectly is the liberty of the individual wedded to the authority of the state.* In the ideal state, the laws are perfect and the liberty-loving citizens have no grievances.) In such a state all conflict is eliminated and the individual is able to identify his own ideals with those of the state.

(We are thus led to the conclusion that the authority of the state, far from implying a negation of liberty, leads to a true realisation of liberty. There can, therefore, be no conflict between the liberty of the individual and the source of that liberty, namely, the authority of a well-ordered state.)

* 'It is possible to conceive of a state, so badly organised and its authority so oppressively exercised, that a condition of complete anarchy would be preferable to it; but *in general*, it may be said that almost any form of political control is better than no control whatever'.—Willoughby and Rogers—*The Problem of Government*,

(3) Political Liberty

Political liberty gives the mass of the people not merely a sphere of freedom but also a share in authority.

Political liberty is said to exist where the people or a majority of them have a right to take part in the government of the country. *In other words, political liberty exists among self-governing peoples or in democratic states. It comprises the right to vote and to hold public offices.* A people may enjoy a good deal of civil liberty without enjoying any political liberty. In India, for instance, we have very little of political liberty, but we enjoy many of the rights included in civil liberty.)

(4) Economic Liberty

Another sphere in which liberty is demanded and its importance increasingly recognised is the economic sphere. In fact (without economic liberty there can be no political nor true civil liberty).

(Freedom cannot be real when every moment for anything I do which may be displeasing to my employer I may be threatened with the loss of my livelihood. My liberty is not real in the absence of my economic freedom.) Can there be liberty where the rights of some depend on the pleasure of others?

Modern states, therefore, are trying to secure economic liberty or economic freedom for the individual.

(Economic liberty consists in the individual's right to work and to a minimum wage, the right to leisure by the regulation of hours of work in fields and factories, the

right to form unions and provision against old age, sickness, unemployment, accidents and also maternity benefits.

The Congress Declaration of Fundamental Rights for Indians contains provisions for securing economic freedom for the Indian masses.)

(5) National Liberty

The term liberty is applied to nations as well as to individuals. A nation or people is said to be free when it has a government of its own choice and when it is not subject to any foreign control.

(*National liberty exists where the state is a national state, that is, where the community is independent and sovereign. There can be little liberty, civil, political or economic unless there is national liberty.*)

Protection of Liberty

We have seen that (*liberty is not opposed to the authority of the state. On the contrary, liberty is, in a sense, created by the state and maintained by its authority. But the authority of the state is exercised through human agency and so it is liable to abuse.*)

It is therefore necessary that (*men should know what their rights are and should always be vigilant so that there may not be any infringement of their rights even by the government.* In those states where there is a written constitution as in the United States of America or in the German Republic, the constitution contains what is called a declaration of rights. In countries where there is no written constitution, as in England, the fundamental rights are recognised in different parliamentary enactments as well as in the opinions and judgments of great judges which have the sanctity of law.)

It should, however, be remembered that (*liberty is best protected not by putting down the rights in a constitution but by the vigilance of a people, jealous of their rights, unwilling to submit to any illegal interference and ready even to die for the vindication*

of those rights. *The price of liberty is eternal vigilance and the secret of liberty is courage.* }

Summary.

Liberty means freedom from restraint generally. But this freedom cannot be absolute. Liberty may be (a) *natural*, (b) *civil*, (c) *political*, (d) *economic* and (e) *national*. In civil society, liberty is conditioned by law and is known as civil liberty.

Men have different tastes and inclinations. If each one was allowed to follow his own whim even if he injured others, there would be chaos and disorder. Hence the need of laws or of some controlling authority which would prevent one from interfering with the liberty of others. Authority, in the modern state, does not restrict liberty but seeks to enlarge it. In a modern state there should be little or no conflict between liberty and authority.

Liberty is best protected by the vigilance of the people. *The price of liberty is eternal vigilance and the secret of liberty is courage.*

Questions.

1. Explain the term Liberty. Is it consistent with Authority? (C. U. 1926).
2. Explain fully civil liberty and political liberty with illustrations. (C. U. 1927).
3. What do you mean by civil and political liberty and law? (C. U. 1928).
4. Explain fully the idea contained in the following—
 "The recognition of political authority is the indispensable condition of liberty." (C. U. 1929).
5. "Law is the condition of liberty." Amplify. (C. U. 1932).
6. Define—Law. (C. U. 1931).
7. Write a short note on political and civil liberty. (C. U. 1932).
8. Explain the relationship between law and liberty. (C. U. 1932).
9. Examine the statement: Law is the condition of liberty. (C. U. 1933).

CHAPTER VI

LIBERTY AND EQUALITY

In the previous chapter we have seen that the state lays down laws or rules of conduct defining and guaranteeing liberty for all. As liberty stands for a good life for all, it implies equality.

Liberty and Equality

Of the three famous slogans of democracy, *Liberty*, *Equality* and *Fraternity* we have already analysed the nature of liberty. Let us now examine the relation between liberty and equality.

(The principle of liberty is that each individual shall have the fullest possible opportunity for his own development.) Place all persons on a footing of equality and leave them free to make the best use of their abilities and opportunities. After a time you would find them different—some are great, most are not, the opportunities were equal but the abilities were not. These differences are natural because no two men are quite alike. We differ not only in our abilities but also in our tastes and temperaments. In this particular case in spite of liberty and original equality we have inequality. *It is therefore often contended that liberty and equality are incompatible. But that really is not the case. Equality does not necessarily mean that all of us should be of the same pattern in every respect. True equality consists in reciprocity or, as Aristotle said, in friendship.*) The principle

of fraternity thus harmonises with the principles of liberty and equality—a brotherhood of friends who are all free.

Frequently we start with the wrong idea that the inequality we see and endure in our society is natural—the truth is that most of it is unnatural and artificial. Most of the rich you see are rich and some of the poor you find poor are not so because of their differences in abilities—the differences are due largely to differences in their opportunities.

The rich man's son not only inherits property but also opportunity—success in life is easy for him since the doors are all open to him. The poor man's son, on the other hand, has not only to fight poverty but also social prejudice against him—the doors are barred against him. Success in life has to be won hard by him.

(Equality thus does not mean that all should be moulded after the same pattern. Equality means equal treatment by the state in the matter of civil and political rights but, above all, it means equal opportunities for every one in society. Thus considered, liberty and equality are complementary—in the absence of the one we cannot have the other.)

Forms of Equality

Viscount Bryce in his *Modern Democracies* distinguishes between four kinds of equality. These are (1) civil equality, (2) political equality, (3) social equality, and (4) natural equality. To these must be added (5) economic equality.

(1) Civil Equality

(Civil equality consists in the possession by all citizens of the same civil rights and liberties. Under civil equality each private individual is equally protected against the interference of other private individuals and of the government. In India untouchability and other civil disabilities must be removed before there can be civil equality.)

(2) Political Equality

(Where all citizens have the same political liberties they possess political equality. Under political equality, all citizens have a like share in government and are alike eligible for public offices. Full political equality requires adult suffrage.)

(3) Social Equality

(Social equality means that rank, class, or caste must not be entitled to special privileges. Social equality is very hard to attain and exists nowhere in the world except probably in Soviet Russia. The division of society into classes, *e.g.*, the nobility, the well-to-do, the middle class and the working class is a great barrier to social equality. Social equality cannot be established all on a sudden by law; it must take place largely through slow changes in public opinion, customs and institutions. In India social equality is hampered not only by class divisions but also by caste distinctions.)

(4) Natural Equality

(All men are said to be born equal. This equality is natural equality. Natural equality is a crude notion. Though each baby is outwardly equal to every other baby

yet as the infants grow, innate but previously undiscoverable differences are revealed. Natural inequalities ought to be endured by society in its larger interests.

(5) Economic Equality

The aim of economic equality is to make all individuals equal in respect of wealth and income. This is a socialist ideal.

Laski defines economic equality in a limited sense as consisting in equal opportunities for every one to develop his natural faculties and powers. Bryce considers that economic equality should not be an ideal of democracy which is only a form of government and should not disturb the foundations of social and economic order. It should be the aim of democracy to reduce great inequalities in wealth.

Summary.

Liberty and equality are complementary, in the absence of the one we cannot have the other.

There are various kinds of equality—(a) *civil equality*, (b) *political equality*, (c) *social equality*, (d) *natural equality*, and (e) *economic equality*.

Questions.

1. What is the relation between liberty and equality?
2. What are the different forms of equality?

CHAPTER VII

CITIZENSHIP

Definition of Citizen

(A citizen is a member of a political community)

The Citizen as a member of the State

A citizen is a member of the state and as such he has a share in the common good which is realised through the state. He also shares the responsibility of maintaining the state and for that purpose he has to render certain services.

Says Vattel, '“*Citizens are the members of the civil society, bound to this society by certain duties, subject to its authority, and equal participators in its advantages.*”)

Citizenship classified

Though all citizens enjoy all the civil rights, citizenship would not necessarily include the enjoyment of all the political rights. On the other hand, there are instances in modern times of non-citizens enjoying the political privilege of voting, as in some of the American States.

Thus *(citizens may be divided into two classes, the one enjoying the political as well as the civil rights and the other enjoying the civil rights but not all the political rights. This distinction in some countries has led to the use of two different words to denote the two classes of citizens. In France, for instance, only those who enjoy full political rights, are called citizens (citoyen) while all persons who owe allegiance to the state and are under its*

protection are called *nationals* (nationaux). Where all members of the community do not stand on the same political footing, the tendency is to reserve the use of the word 'citizen' for those who enjoy the greater political rights.)

Natural citizens and naturalised citizens

(*Another classification of citizens is to be found in the legal distinction between natural citizens and naturalised citizens.*

(Citizens by birth are natural citizens while foreigners who are adopted as citizens are naturalised citizens.)
(See pp. 47-49 on The Acquisition of Citizenship).

Naturalised citizens in some states have a status inferior to that enjoyed by natural-born citizens. For instance, all the political rights which are enjoyed by natural-born citizens may not be enjoyed by the naturalised citizens. Also, in some states, naturalised citizens are not like the natural-born citizens eligible for all public offices.

Ordinarily, the term 'citizen' would apply to all who are not aliens. So the usual way of explaining the status of citizens has been to distinguish it from that of aliens.)

Aliens

(*Aliens are persons who are mere residents within the State but who owe allegiance to some other State.* An alien is not a member of the state in the truest sense of the term and, as such, is not allowed to share in the highest political rights, although civil rights are not denied him. As a resident, he is subject to the laws of the land. He is, therefore, bound to pay rates and taxes and excepting in the case of certain privileged persons (e.g.,

the members of foreign embassies), all aliens are subject to the jurisdiction of the civil and criminal courts of the country in which they reside.) The disabilities, which were formerly attached to the status of an alien, are being gradually removed.

(There were various limitations to the proprietary rights of aliens in England before 1870. But the British Naturalisation Act of that year laid down "that real and personal property of every description may be taken, acquired and disposed of by an alien in the same manner in all respects as by a natural-born British subject." An exception, however, is still made in respect of British ships which cannot be owned by an alien. The tendency everywhere is to equalise the status of the alien with that of the citizen so far as civil rights are concerned. Differences are, however, still maintained as regards political rights.)

Citizens and Aliens :

The distinction between the status of a citizen and that of an alien may be briefly stated as follows :—

(1) A citizen is a member of the body politic in a real sense while an alien is a mere resident.

(2) A citizen owes allegiance to the state while an alien, though subject to the civil and criminal jurisdiction of the state in whose territory he resides and liable to pay rents and taxes, owes his allegiance to another state.

(3) As regards civil rights, an alien and a citizen are in most of the modern states on the same level though an alien is sometimes precluded from the enjoyment of certain proprietary rights.

(4) While a citizen enjoys all the political rights, an alien may enjoy only some of them, if at all.

THE ACQUISITION OF CITIZENSHIP

Citizenship is acquired by (1) *birth*, or (2) *naturalisation*.

Birth

There are different rules in different countries which regulate the acquisition of citizenship by birth. Broadly speaking, there are two principles which are followed.

One is : that (children acquire the citizenship of their parents (*jus sanguinis*), and the other is : that they should owe allegiance to the state within whose territory they are born (*jure soli*). In some states the former principle is accepted and in some, the latter.)

(In others, something like a mixed principle is adopted. For instance, in Great Britain and in the United States of America both the principles act together. Persons, born in British territory, though of alien parents, will be British citizens, (*jure soli*), and again, persons, born of British parents but outside British territories, will acquire British citizenship by birth (*jus sanguinis*). A British ship is considered to be a part of the British Isles, so a person born on board a British ship in whatever part of the globe will be a natural-born British subject. In the absence of any uniform principle being followed everywhere, instances of double citizenship are not rare.)

Naturalisation

(“Naturalisation signifies the act of formally adopting a foreigner into the political body of the nation and of clothing him with the privileges of a native.” A man is naturalised on his fulfilment of certain conditions. These conditions vary from one state to another. For instance, in the United States of America, only white persons and persons of African descent can be naturalised. There is also a bar against alien enemies, polygamists and disbelievers in organised government. There is a condition of residence in almost all the countries though the period of residence may vary.)

(According to British laws, an alien, before he can be naturalised, must reside in British territory for a period of five years or must be in the service of the Crown for that period. Good moral character and knowledge of the English language are also prerequisite conditions.)

(Except for a few privileges which are enjoyed only by natural-born subjects, there is no distinction between a natural-born and a naturalised subject as regards rights and privileges. In the United States of America the offices of the President and the Vice-President can be held only by natural-born citizens.)

Other modes of naturalisation

Naturalisation which we have discussed above, is *naturalisation proper* by which citizenship is granted by a state on the application of an alien and on the latter's fulfilling the prescribed conditions.

Naturalisation may also be effected by any of the following methods :—

(1) *Marriage*—A marriage effects a change in the citizenship of the wife who follows the citizenship of her husband. Thus an English woman marrying a German will become a German citizen.

(2) *Legitimation*—An illegitimate child of a citizen father and an alien mother when legitimatised by subsequent marriage, acquires the same citizenship as the father's.

(3) *Purchase of land*—In some states, as in Mexico, acquisition of land confers citizenship on the purchaser.

(4) *State service*—In some states aliens are naturalised on their being appointed servants of the state.

(5) *Long residence*—A person is naturalised in some states, as in Brazil, by long residence.

LOSS OF CITIZENSHIP

Citizenship may be lost by : (1) *marriage*, (2) *foreign service*, (3) *desertion*, (4) *long absence*, (5) *conviction for serious crimes*, and (6) *naturalisation in another country*.

(1) A woman who marries an alien husband acquires the citizenship of the latter and loses her original citizenship.

(2) According to the law of some states a citizen will forfeit his citizenship if he accepts service under a foreign government.

(3) Desertion from the army or navy may cause forfeiture of citizenship under the laws of some states.

(4) Long absence from the home country is sufficient under the law of many states to exclude one from the fold of citizens.

(5) Citizenship may be lost by a man who is convicted of heinous crimes.

(6) But citizenship is most commonly lost by the citizen's leaving his original home country and his naturalisation in another. Formerly states were slow to recognise the right of a

citizen to renounce his allegiance without the permission of his government. But the present tendency is towards such recognition, though in some countries the citizen is still denied the right of transferring his allegiance without the permission of the state to which he belongs by birth.

Summary.

A citizen is a member of a political community. An alien is a mere resident who owes allegiance to some other state. The alien, therefore, is deprived of certain rights and privileges which are enjoyed by the citizen.

Citizenship is acquired by (1) birth or by (2) naturalisation. As citizenship may be acquired so it may be lost through various ways.

Questions.

1. What are the characteristics of a citizen? Distinguish a citizen from an alien. (C. U. 1930).
2. Distinguish between a natural citizen and a naturalized citizen. (C. U. 1931; C. U. 1933).

CHAPTER VIII

CITIZENSHIP : RIGHTS AND DUTIES

RIGHT AND DUTY

Right

A right is a power which has received social recognition.

Legal and Moral Right

A right is moral if it rests on the support of the moral opinion of the community, *i.e.*, if it depends on public opinion.

A right is legal if it is supported by the state, *i.e.*, enforced or protected by the state.

“A legal right is a capacity, residing in one man, of controlling, with the assent and assistance of the state, the actions of others.”

Legal Rights: civil and political

Political rights are those by which a person is entitled to take part in the government of the country, *e.g.*, the right of vote, or the right to hold public offices.

Rights which relate to the protection and enjoyment of life and property are *civil rights*.

Civil and political rights often merge into one another. For example, the liberty of thought and speech and the freedom of association are both civil and political rights.

Duty

A duty is an obligation. A man is said to have a duty in any matter when he is under an obligation to do or not to do something.

Legal and Moral duty

As in the case of rights, duties may be moral or legal.

When a duty is enjoined merely by public opinion, it is moral.

But where a duty is prescribed by the state, *i.e.*, under the pressure of law, it is a legal duty.

The moral opinion of the community demands of us the performance of certain duties to the poor, to the sick and to the suffering. To induce us to perform these duties, there is no pressure other than that of the good opinion of the community.

But legal duties are of an entirely different kind. They have to be done under the compulsion of law. These would be enforced by the state. These are moral duties.

Correlation of Rights and Duties

Rights and duties are correlative.

When A has a right against B, B has a duty towards

A. A right vested in A implies a duty enjoined on others.

Take for instance, citizen A's right of protection of life and property. Such right would imply that B, C, D and others have a duty not to interfere with A's life and property. Similarly, when the same right is conceived as vested in B, the duty of respecting it will be on A, C, D, etc. ; and so on.

The state guarantees and maintains these rights.

The state also protects these rights, when such protection is necessary.

As each of the persons, A, B, C, D, etc., claims rights from the state, so each of them has his own corresponding duties to the state. *Thus rights and duties go together.* It should be noted however that there are some duties to which there are no specific rights correlated. For example, the duties to pay taxes, to serve on the jury and in the army are not accompanied by any particular rights.

What these rights and duties of the citizens are we are going to discuss presently.

RIGHTS AND DUTIES OF THE CITIZEN

Rights of the Citizen

With the growth of civil and political liberty, the list of the rights of citizenship is becoming more and more extensive, though the rights are not yet exactly the same in every country, nor are the facilities for their enjoyment the same everywhere. The following, however, may be mentioned as the rights, *civil and political*, of the citizen in a free and civilised country :

Civil Rights

1. Protection of life and property

This is very comprehensive. It includes both external and internal security. A citizen has the right to be protected from foreign aggression. The citizen has also the right to peace and order within the state so that his life

and property may be secure. He has the liberty of person which means that not only his life will be safe but also he cannot be imprisoned or otherwise restrained either by the government or by other persons without the proper sanction of law. His house is inviolable. We are familiar with the dictum: 'An Englishman's home is his castle.'

The right to life carries with it the right to use force in self-defence. It also implies the right to bear arms in accordance with the law.

2. Freedom of belief and conscience

This includes the citizen's liberty of thought and worship. No hindrance to the enjoyment of this right is tolerated in free countries.

3. Freedom of public meeting and association

Citizens have the right to assemble peaceably in public and to form associations to promote common interests.

4. Freedom of contract*

Citizens have the right to enter into contracts whose terms will be binding on the parties thereto.

* It should, however, be noted that this freedom, like the others, cannot be absolute and is not allowed in cases where it is not consistent with public good. A contract, for instance, by which a man becomes a slave of another, would be void. The abolition of slavery and indentured labour, recent factory laws (laws for the welfare of the workmen, e.g., laws prescribing hours and conditions of work) indicate how far freedom of contract is limited in modern society. The socialists urge the restriction of the rights of property and contract in order to equalise wealth, income, and economic opportunities.

5. Freedom of trade, industry and other occupations

Citizens have generally the right to take up any trade, industry or any other occupation they like.* But they can be prevented from pursuing a trade which goes against the welfare of the community. The state is therefore justified in suppressing, for instance, the liquor trade or the manufacture of opium.

6. Freedom of expression of opinion—freedom of speech and freedom of the press*

Freedom of speech is a very valuable right. In all free countries citizens have the right to speak out honestly whatever opinion they may hold. Freedom of the press is included in this right of free expression of opinion. *Freedom of the press* is the right to publish in print different views and opinions. Citizens can criticise government measures even severely. This freedom is, no doubt, subject to the law of libel and sedition.

In all matters of public interest there should be the fullest possible freedom for public discussion and honest expression of opinion. Public discussion and criticism of government is the only alternative to the use of force. Since truth is just as valuable to the public as it is to the government, conflicting views must be allowed in order to get at the truth.

7. Equality before law

This is one of the most valuable rights of the citizen. If law makes any distinction between high and low or between rich and poor, there can be no real justice.

* 'This is true liberty, when free-born men
Having to advise the public, may speak free.'

—Euripides.

'Give me the liberty to know, to utter and to argue, freely,
according to conscience, above all liberties.'—Milton.

8. Freedom of marriage and other rights of the family

Citizens are free to contract marriages according to their own choice.

The rights of the family, *e.g.*, the right of the father to the guardianship of his children, are guaranteed. It should, however, be noted that the freedom of marriage and other family rights are to be exercised with due regard to the good of the community. So the state reserves the right to restrict this freedom of the citizen, if it is sought to be used in a manner opposed to the general good. We may mention the Sarda Act (or the Prevention of Child Marriages Act) in this connection.

9. *Right to the secrecy of correspondence through the post, the telegraph or telephone*—In all free countries the sanctity of private correspondence is respected, though in cases of very strong and reasonable apprehension of danger to public safety, letters and other private communications may be intercepted by the authorities.

10. *Liberty of movement and settlement*—The citizen has a right to move about freely within the state and settle anywhere he chooses. He has a right to a permanent residence in the country.

11. *Liberty of migration and the right to the protection of the state*—Except in special circumstances, the citizen should be allowed to go out of the territorial limits of the state when he likes, and even when he is abroad, he has a right to the protection of his own state. Thus the interests of an Englishman living, for instance, in Japan, are looked after by the British Ambassador in Tokio.

12. *Right to education and right to work*—In all civilised countries, the responsibility of the state for the moral, intellectual and material welfare of the people is being more and more recognised. A view is, therefore, steadily gaining ground that it is the duty of the state to see that the people are educated and provided with work. So we find in the constitution of the German Republic, "*Education till the 18th year*" and "*Work*" mentioned as rights of citizens. As a matter of fact, in the

advanced countries of the world, citizens demand education for all and work for the unemployed as matters of right.

13. *Right to culture and language*—Each citizen has a right to the culture and language of the group to which he belongs. This right is now recognised by all modern states and by the League of Nations. It is an important guarantee of minority rights.

Political Rights

The rights enumerated above are *civil rights* and may be distinguished from *political rights* which are (1) the right to hold public offices, (2) the right to vote or the *franchise*, and (3) the right of petition.

1. **Equal eligibility for public office, executive, legislative and judicial.**

This is a valuable right of the citizen in a democratic country. The poorest citizen is as eligible for the highest office in the state as the richest. It is a right which citizens alone can demand but which is denied to aliens.

2. **Franchise** *The right to vote.*

The right to vote is the most important political right. It is through the vote that citizens in a democracy take part in the government of the land. It is to be noted that though the ideal of democracy is to invest every person, male or female, in the state with the right of vote, in very few countries has the vote been given to all persons living within the state.

Aliens, minors, lunatics, criminals and other persons who are obviously unfit, are not allowed to vote. There is a further test of qualification either of property or of education. Formerly, women were invariably disqualified

by their sex and were not allowed to vote. But women have been enfranchised in most of the Western states to-day and also in some of the advanced countries in the East.

People are now thinking that property should not be a test for franchise, and the education test, which has been always a low one, does not matter much in countries where elementary education is compulsory and free.

3. Right of petition

Every citizen has the right to address written petitions or complaints to the competent authorities. This right may be exercised by individuals and also by several persons together.

The right to resist the state

We sometimes speak about a citizen's right to resist the state. But this cannot be a legal right, because if it were a legal right the state would be bound to assist the citizen to resist itself. That would be absurd. *The right to resist is a moral right (not a legal right) whose exercise is justifiable only in a conflict of unusual moral importance.*

Any given state is morally justified to the extent it is itself moral. If the state issues a command which the individual cannot conscientiously obey, the individual would be morally justified in refusing his obedience to the state. *It is upon this right, as applied to large masses, that the right of revolution is founded.* But in every case the individual is to be guided by considerations of the general good, not his selfish good. *The moral right of revolution cannot be denied but its exercise can only be justified when its consequences have been duly weighed and the judgment reached that good rather than evil will come out of it.*—Willoughby and Rogers.

Duties and Obligations of the Citizen

As the citizens have their rights so also they have their duties or obligations.

* The most important among the duties of citizens are the following :

1. Allegiance

Every citizen owes allegiance to the state to which he belongs. He must defend the state against all enemies and dangers. The state can call upon him or even require him to take up arms in its defence. It can prescribe a period of compulsory military training for the citizen. The citizen should be prepared, if necessary, even to lay down his life in defending the state and to discharge the duties involved in his allegiance to the state.

2. Obedience

Every citizen has the supreme duty of obeying the law. Good citizenship consists more in this obedience to law than in any other thing. Laws are enacted for the welfare of the community, so the man who has a regard for law, has the good of the community at heart. Respect for the laws and the institutions of the state makes one a good citizen.

Disobedience of law may, in exceptional circumstances, be morally justified but even in such cases it ought to be carefully considered whether the object underlying such disobedience may not be better attained by other means.

Respect for law, once undermined, may shake the very foundations of our social order.

3. Payment of Taxes

As a citizen should be prepared to die for the preservation of the state against disruption by external invasion or internal rebellion, *he should also contribute towards the maintenance of the state by duly paying the taxes and other rates which are legally imposed on him.*

4. Honest exercise of Franchise

The citizen has also the duty of voting. *The vote should be exercised with judgment, discretion and rectitude.* In a democracy the people have got the political power which is exercised by them through the right of vote.

There can be no good government unless the people regard the vote as a sacred trust. While using the vote they must remember that the good of the community is in their keeping.

Dishonest or indifferent exercise of the franchise may go against the good of the community.

5. *Elementary education and work.*—As education and work are regarded as matters of right, so they are coming to be looked upon as duties. *Every good citizen should consider it his duty to give to his children, at least, a primary education. In most modern states the law compels him to do so.* The education of the masses would prevent their being duped or exploited by interested parties.

It is also his duty to do some productive work and not to be a burden upon the community.

6. *Service generally*—Lastly, it is the duty of the citizen to render all possible service to the community.

He should go forward to hold any public office of trust when necessary and should not grudge public service. This spirit of service is known as public spirit.

It is because of the absence of public spirit on the part of the people that the affairs of the town or the country are not properly conducted ; the indifference and the unwillingness of good people to serve in public offices place bad and selfish people in power and authority which they exercise in their own interest.

DUTIES OF THE STATE

The state, too, has certain duties. The more important of these duties are :—

1. *Justice and Equity*—It should be the constant endeavour of the state to hold the balance even as between different individuals and classes. Taxes must be so raised and spent as to equalise the sacrifice of individuals and maximise the general good.

2. *Labour and welfare legislation*—The poor and the helpless have a special claim to the protection of the state. Conditions and hours of labour especially of women and children are in modern states regulated by law. The state should establish hospitals, mitigate social evils and provide against old age, sickness and unemployment.

3. *Education and Art*—The state should provide free and compulsory primary education for all children. It should bear a large part of the cost of secondary and higher education. It should establish and maintain libraries, art galleries, museums and public parks.

4. *Economic Activities*—It should restrict monopoly, regulate currency and coinage and administer or supervise public utility services such as the railways and the supplies of gas, water and electricity. The trend of the modern age is to expand the economic sphere of the state wider and wider. The state should also protect the trade and industries of the nation.

Summary.

A right is a power. Rights may be legal or moral.

Legal rights are of two kinds: civil and political.

A duty is an obligation. Duties may be legal or moral.

Rights and duties are correlated. Every right implies a duty.

In Civics we are concerned mainly with the rights and duties of the citizen.

The important civil rights are (1) protection of life and property, (2) freedom of belief and conscience, (3) freedom of public meeting and association, (4) freedom of contract, (5) freedom of trade, industry or other occupations, (6) freedom of expression of opinion, (7) equality in the eye of law, (8) family rights, etc.

The principal political rights are (1) the right to hold office, and (2) the right to vote (*franchise*).

The principal duties of the citizen are (1) allegiance, (2) obedience, (3) payment of taxes, and (4) honest exercise of franchise.

Questions.

1. "Rights imply duties." Explain. Enunciate some of the important rights enjoyed by a citizen in a modern state. (C. U. 1927).
2. "Rights of a citizen have their corresponding duties." Write an explanatory note on this, giving illustrations by reference to the citizen of a Bengal village. (C. U. 1930).
- ✓ 3. (a) Define citizenship. (b) What are the rights and duties of a citizen? (C. U. 1928).
4. Bring out clearly the distinction between a citizen and a resident alien. What are the fundamental obligations (duties) of a citizen? (C. U. 1929).
5. What do you understand by the phrases *freedom of speech* and *freedom of the press*? (C. U. 1933).
- ✓ 6. Rights and duties go together.—Explain. (C. U. 1932).
7. Define Right. Enumerate the civil rights of a citizen. (C. U. 1931).
- ✓ 8. If you find that the elections to the municipal board of your town are not properly conducted or are interfered with by

interested parties, what should be your duty as a citizen? (C. U. 1932).

9. What are the rights of a citizen to (a) public meeting, (b) freedom of speech? (C. U. 1932).
10. Describe the rights and privileges of a citizen in a modern state. Are there any obligations to which a citizen is subject? (C. U. 1934).

CHAPTER IX

GOOD CITIZENSHIP

We have enumerated already the rights and duties of a citizen. It will be obvious that these refer to a democratic country, that is, a country where popular government has been established. The citizens of a free country should possess certain qualities for the proper exercise and discharge of their rights and duties.

Elements of Good Citizenship

According to *Bryce*, the qualities which go to make a good citizen, are *intelligence, self-control and conscience*. *White* says that these are *commonsense, knowledge and devotion*. Both, however, mean practically the same things.

(1) Where a citizen has a share, *direct or indirect*, in the government of his country, *it is necessary that he should be intelligent*. The quality of the individual's mind and character is reflected in the government. He should have commonsense as well as knowledge.

(2) *Self-control lies behind the spirit of obedience without which there can be no good citizenship*. The citizen should learn to subordinate his will to that of the community. This is the first condition of the existence of a state. If everyone had the liberty to do whatever he liked, there could be no civil society. The individual should obey the laws of the state because such obedience is necessary for common good.

But this obedience should not be based on fear or inertia. Laski has emphasised the dangers of excessive obedience to the state.

(3) Lastly, *the good citizen should possess conscience or devotion*. Conscience here means the sense of civic duty. It is a very comprehensive term and it means much more than the mere negative virtue of not infringing a law. A citizen should never forget that he has got responsibilities. He has to render services to the community. He should feel that it is an imperative duty on his part to do whatever he can in order to increase the welfare of the community.

The law compels a man to do certain civic duties such as fighting for the defence of the country, serving on the jury, educating his children and paying rates and taxes. The good citizen performs these duties not because the law compels him but because he is inspired by *a spirit of service and devotion to the state*.

Again, there are many civic duties such as voting intelligently and honestly the performance of which cannot be enforced by law but must depend solely on the citizen's *conscience*.

Hindrances to Good Citizenship

We have enumerated the qualities of a good citizen. We shall now discuss what are the hindrances to good citizenship.

(1) In the first place, we should put *ignorance and stupidity* which are the opposites of knowledge and intelligence. *Democracy has been characterised by its critics as mob rule. (It will deserve such a derisive epithet*

if the average citizen is ignorant and stupid.) The success of democracy depends largely on the average citizen having a fair measure of education and culture. For the successful management of a democratic state, it is, therefore, essential to *educate its citizens properly.*

✓ (2) Then comes *self-indulgence* which is opposed to self-control. *Where the individuals are not capable of restraining themselves, there can be no civilized government.* }

The individuals must also learn to submit gracefully to the decision of the majority, since majority rule is one of the main-springs of modern democratic government.

(3) Lastly, there are the obstacles which retard the growth of our sense of civic duty. These are (a) *indolence*, (b) *private self-interest*, and (c) *party spirit*.

(a) *Indolence*—It has been said that what is everybody's business is nobody's business. There is thus a tendency on the part of the *ordinary citizen to become indolent with regard to public affairs, because he feels that the duty is shared by numerous others.* But such a neglect of public duties is most harmful to the community. *Every citizen should exert himself when such exertion is demanded by a public duty.* He should regard voting as serious business. He should be ready and willing to serve in public offices.

✓ Besides indolence in action there is also indolence of thought. The good citizen should think for himself in order to ascertain what is best for the community, and should not slavishly and unthinkingly join in a party cry. It should not be forgotten for a moment that *the price of*

freedom is eternal vigilance, and true vigilance is born of clear and independent thinking.

(b) *Private self-interest*—Self-interest is a great hindrance to good citizenship which postulates the subordination of private interests to the public good. Self-interest, however, still acts in the minds of individuals in various forms.

Votes may be sold which only means "the sacrifice of public duty to personal cupidity". Motives of self-interest may similarly influence legislators in fixing the taxes of the land. The burden of taxes may fall more heavily on some one class or classes of persons than on others. Public money may be appropriated to benefit one locality in preference to another. There are numerous other ways in which self-interest may be a hindrance to the honest discharge of our civic duties.

(A good citizen should always be on his guard so that self-interest may not vitiate his public conduct.)

(c) *Party spirit*—Party system is a necessity in modern democratic countries, and party spirit, so far as it is healthy, is conducive to better political organisation.

But party spirit also gives rise to certain unhealthy features which characterise most of the democratic states of the day. Party spirit may be subversive of independent thought. It makes men eager for victory—not for truth but for the party they belong to. It engenders feelings of enmity between the adherents of different parties and it sometimes leads men to subordinate the interests of the nation to those of the party. *(A good citizen should always be careful that his party spirit may not get the better of his loyalty to the nation.)*

Summary.

The *elements of good citizenship* are : (1) intelligence, (2) self-control and (3) conscience (Bryce). According to White, these are commonsense, knowledge and devotion.

The *hindrances to good citizenship* are : (1) ignorance and stupidity, (2) self-indulgence, and (3) a wrong civic conscience arising out of (i) indolence, (ii) private self-interest, and (iii) party spirit.

Questions.

1. What are the elements of good citizenship?
2. What are the hindrances to good citizenship? (C. U. 1928).
3. Discuss the main obstacles to the exercise of good citizenship. (C. U. 1931).

CHAPTER X

THE INDIAN CITIZEN

We have mentioned before the rights which citizens in modern civilized states possess and have indicated the restrictions with which they must be enjoyed. But in India there are certain other restrictions to which the Indian citizen is specially subject. To these we shall briefly refer here.

I. Liberty of Person

In the first place let us note that the rights and liberties of the citizen are real only when they can be enforced by a court of law and any restrictions which may be imposed are arbitrary if their justifiability cannot be tested in a court of law. Rights and liberties are, therefore, in jeopardy when the law gives the executive large powers to restrict them without any reference to a court of law, *e.g.*, by *Ordinances* and *Regulations*.

If a person is to be imprisoned or kept under restraint, he should be tried openly and in an ordinary manner. But in India the executive has been given powers by an exercise of which it can indefinitely detain a person in jail without ever bringing him before an open court of law.

In the early days of the Company's rule, regulations, giving such powers to the executive, might have been necessary. But many of them are still un-repealed and are on the Statute Book. One amongst them, the un-

popular Bengal Regulation III of 1818, has been largely used in recent times. Section 72 of the Government of India Act confers on the Governor General the power to promulgate an ordinance* for six months for the peace and good government of the country.

In an attempt to suppress the Civil Disobedience campaign of 1930 the Governor-General used this extraordinary power in promulgating a number of Ordinances, *e.g.*, the Press Ordinances, the Picketing and Intimidation Ordinances.

Section 126 also empowers the Governor General or the Governor in Council of a province to arrest and detain a person suspected of carrying on dangerous correspondence with maharajas, zemindars, etc.

II. Rights of movement, settlement and migration

We have seen that it is one of the ordinary rights of the citizen to move about freely and settle anywhere he likes within the state. There may be one or two legitimate restrictions, for instance, in the case of criminal tribes whose movements are in certain respects restricted. But there are other disabilities under which the Indian citizen labours.

If the Indian Empire is included in the larger British Empire then the Indian citizen should have the right to

* "This power," as the Rt. Hon. Mr. Srinivasa Sastri said, "has been used sometimes for our good, as for instances, when indentured labour was suspended, another time very recently when the Cotton Excise Duties were suspended, but the same power is also used for purposes the reverse of this. Only the other day the Governor-General issued an Ordinance, the provisions of which were bodily taken over from the repealed Rowlatt Act, and before six months were over they took good care that that ordinance should be kept alive by means of an enactment put on the Bengal statute book, which, again, being opposed by the people and their representatives, was passed on the sole authority of the Governor." — *Kamala Lectures*.

settle in any part of the Empire and enjoy all the civic amenities available there. But there are some parts of the British Empire, *e.g.*, South Africa and East Africa where Indians are not allowed the same privileges as the white settlers. Even within the Indian Empire, there has been legislation, *e.g.*, in Burma, openly anti-Indian in character. The migratory right of the Indian citizen has been in certain cases unjustifiably curtailed by Indian passport regulations.

III. Right to hold offices

The right of equal eligibility for public office was first guaranteed in the Charter Act of 1833 and is also embodied in sec. 9 of the present Government of India Act which runs as follows:—"No native of British India nor any subject of His Majesty resident therein shall, by reason only of his religion, place of birth, descent, colour or any of them, be disabled from holding any office under the Crown."

"Still the present distribution of offices between Europeans and Indians must be held to be an infraction of this right" (Sastri). This is true in the case of all superior civilian appointments but the greatest grievances under this head are in respect of the Indian Army where even the most loyal and distinguished Indian soldiers are not taken into positions of trust and responsibility.

IV. Right of free expression of opinion

The executive in India, irresponsible as it is to the people of the land, sometimes comes in for criticism in the Indian press and platform for measures unpopular in

their nature. The law is set in motion and interpreted by the same executive whose conduct has been the subject matter of criticism.

The grievance of the Indian citizen therefore relates at present not so much to the law as to the legal procedure and the interpretation of the law.

The law of sedition, as it is worded, may not be a bad one but the impression is unfortunately gaining ground that it is sometimes used at the instance of the executive for the suppression of opinion.

Freedom of the Indian Press

We should insert here a note on the freedom of the Indian Press.

Besides its subjection to the law of libel and sedition as laid down in the Indian Penal Code, the Press may be searched and seditious books and newspapers may be forfeited by the Government under section 99 of the Criminal Procedure Code. The relieving feature is that the aggrieved party may appeal to a special bench of three High Court Judges. Restrictions of the same nature are also to be found in the Post Office and the Sea Customs Acts. The Press is also subject to the provisions of the Princes' Protection Act which is a piece of unpopular legislation. Public opinion in India has been demanding for a long time that actions relating to the Press be made triable by jury.

In the past the Press in India was subject to various restrictions many of which were highly objectionable. In fact the executive did not look upon the Indian Press with any favour in its early days. A censorship was established during Wellesley's time and offences relating to the Press were made heavily punish-

able. The censorship was abolished in Lord Hastings' time but still a number of onerous restrictions remained. Metcalfe is gratefully remembered in India because he did away with most of the restrictions.

But again in 1878 the Vernacular Press Act, passed during Lytton's period, greatly curtailed the freedom of the Press. Yet another instalment of curtailment came with the passing of the Newspaper Incitement Act in 1908. The last point in reactionary legislation was reached in 1919 when the Press Act was passed. But popular opinion against these restrictions which had practically deprived the Press of its freedom became so very strong that the Press Act was repealed in 1922. The Press Ordinance promulgated in May 1930 reintroduced all the odious restrictions of the repealed Press Act and even added to them some more. The Ordinance when it lapsed after 6 months was not revived. In 1932 drastic restrictions were again imposed on the Indian Press through Ordinances and Public Safety Acts. The liberty of expression of opinion of the Indian citizen is largely curtailed to-day by the gagging of the Press and prohibitions in many parts of the country of associations and public meetings.

V. Right to the secrecy of private correspondence

This right may be legitimately restricted if a restriction becomes necessary for the public good. But the executive should not be allowed to intercept private correspondence on any slight pretext. *In free countries an interception of a private communication would be considered justifiable only when the executive had very strong reasons to believe that correspondence, highly dangerous to the state, was being carried on.*

In India, however, there is an impression in the mind of the people that interceptions are made rather freely. It has been alleged that the correspondence of highly respectable citizens in India has been intercepted and that without sufficiently reasonable grounds.

VI. The right of association and public meeting

Though the Indian citizen generally enjoys the right of association, the law has vested in the executive powers the exercise of which can seriously restrict this right. The Governor-General in Council has been empowered by Part II of the Criminal Law Amendment Act of 1908* to declare an association unlawful if, in his opinion, such association is engaged in any unlawful work. This is regarded as an arbitrary power because an order of the executive in this matter cannot be challenged in a court of law. Public opinion demands that a court of justice should decide whether a particular association is lawful or unlawful in respect of its objects and activities.

With regard to the right of public meeting, the Seditious Meetings Act of 1911 provides for possible infringements of it because in areas where this Act is in operation the executive can stop public meetings if they so like. *Popular opinion regards with disfavour the manner in which assemblies, which the authorities consider unlawful, are suppressed in India. The misuse of Sec. 144 of the Criminal Procedure Code also is often referred to as an infraction of the citizens' right of public meeting.*

* Under section 15 of the Act, the Government in August 1930 declared the Working Committee of the Congress unlawful. The ban against the Working Committee was withdrawn on 25th January, 1931. The Working Committee as well as all provincial and local Congress Committees were again declared unlawful associations in 1932. But the Indian National Congress as a whole was not declared unlawful.

Education and work

In India neither of these can be demanded by the citizen as of right. In the more advanced democratic countries primary education is not only compulsory but free as well. In Germany, for instance, not only instruction is free but all books and other educational accessories are supplied free by the state in the primary and continuation schools. In India the part which the state plays in the matter of educating the people is still very small.

As regards employment, the position of the Indian citizen is very different from that of the citizen of an advanced state in the West. The latter has the right "to the work for which he is most fitted or in the alternative the right to his maintenance at public expense." He wants work. Work must be provided for him. Or if it cannot be so provided he must be maintained by the state which can utilise his services in the most profitable way it can.

THE CONGRESS AND THE FUNDAMENTAL RIGHTS OF THE INDIAN CITIZEN*

It may not be out of place here to refer to the Congress resolution on the Fundamental Rights and on the national economic programme passed at Karachi in

** Fundamental Rights* are those rights which are regarded as essential for freedom. Some of these rights are civil, others are political and economic. They are generally incorporated in the constitution of the state in order to give them special force and sanctity and to the citizens the security of freedom. These rights differ in different countries but the most important of them are common to all. These are freedom of person, freedom of speech, freedom of the press, freedom of association and movement, freedom of conscience and equality before the law.

March, 1931. As Mahatma Gandhi in moving the resolution said, it was "meant for those who are not legislators, who are not interested in intricate questions of constitution, who will not take an active part in the administration of the country." Its purpose was "to indicate to the poor inarticulate Indian the broad features of *Swaraj*. The Congress by this resolution declared to the world what it stood for. The resolution indicated the policy that would generally be pursued when power came into Indian hands. An equal emphasis on political and economic freedom is noteworthy and significant. In order to end the exploitation of the masses, political freedom must include economic freedom."*

Its *salient features* are (1) *recognition of private property*—private landlordism and private capitalism to continue, (2) *the state will control the key industries* and will seek to mitigate the evils of great inequalities in

* Freedom will not be achieved for the mass of men save under special guarantees.

(1) *It can never, firstly, exist in the presence of special privilege.* The endurance of oppression by negro slaves was the outcome of their wonted subjection to a *regime* of privilege.

(2) *Nor, secondly, can there be liberty where the rights of some depend upon the pleasure of others.* While I seem to enjoy political freedom the absence of economic freedom may render my supposed political freedom illusory. My employer and my landlord may interfere with my political freedom by threatening me with the loss of my livelihood.

(3) *And, thirdly, we have to assume that the incidence of state action is unbiased.*

Unfortunately, that assumption cannot always be made. The capitalist state is accused of having a bias for the rich and in most countries, the people are seeking to minimise that bias in a declaration by the state of the *fundamental rights of citizens*. That declaration constitutes the guarantee of a minimum bias. But it is important to insist that it is bound to suffer perversion unless men are unceasingly vigilant about their rights.—Laski in *A Grammar of Politics*.

income by the levy of death duties and by an equitable system of land taxes, (3) *drastic* reduction of military expenditure by a reduction of the regular army strength.

By the recognition of private property the Congress has dispelled the fears of those who feared a revolutionary communist programme from it and has retained the support of landlords and merchant princes.

The Congress programme is thus essentially a reformist one—and not revolutionary. By its failure to advocate radical changes it has disappointed advanced socialists and utopian idealists in this country.

The Congress Charter of Freedom

The articles in the Congress Declaration of the Fundamental Rights and of the national economic programme collectively constitute the Congressman's idea of freedom and the Congress charter of liberty for the Indian people. These are reproduced below *verbatim*.

Fundamental Rights

1. (i) Every citizen of India has the right of free expression of opinion, the right of free association and combination and the right to assemble peaceably and without arms, for purposes not opposed to law or morality.

(ii) Every citizen of India shall enjoy freedom of conscience and the right freely to profess and practise his religion, subject to public order and morality.

(iii) The culture, language and scripts of the minorities and of the different linguistic areas shall be protected.

(iv) All citizens of India are equal before the law, irrespective of religion, caste, creed or sex.

(v) No disability attaches to any citizen, by reason of his or her religion, caste, creed or sex, in regard to public employment,

office of power or honour and in the exercise of any trade or calling.

(vi) All citizens have equal rights and duties in regard to wells, roads, schools and places of public resort, maintained out of state or local funds or dedicated by private persons for the use of the general public.

(vii) Every citizen has the right and obligation to keep and bear arms in accordance with regulations and reservations made in that behalf.

(viii) No person shall be deprived of his liberty nor shall his dwelling or property be entered, sequestered or confiscated save in accordance with law.

(ix) The State shall observe neutrality in regard to all religions.

(x) The franchise shall be on the basis of universal adult suffrage.

(xi) The State shall provide for free and compulsory primary education. The aim of educational institutions shall be the promotion of public spirit and of personal and vocational efficiency, the development of the spirit of Indian nationality and the maintenance of international friendliness. In giving instruction in public educational institutions care shall be taken not to wound the susceptibilities of those holding different opinions.

(xii) The State shall confer no titles.

(xiii) Every citizen of India is free to move throughout India, to stay and settle in any part thereof, to acquire property and to follow any trade or calling.

(xiv) No person shall be punished for any act which was not punishable under the law at the time it was committed.

(xv) The privacy of correspondence and of postal, telegraphic, and telephonic communications shall not be infringed except in accordance with law.

(xvi) Every citizen has the right of complaint or petition to competent authorities or to the representatives of the people. This right may be exercised by individuals or by several persons in common.

(xvii) There shall be no capital punishment.

Labour's Rights

2. The State shall safeguard the interests of industrial workers and shall secure for them, by suitable legislation and in other ways, adequate wages, healthy conditions of work, limited hours of labour, suitable machinery for the settlement of disputes between employers and workmen, and protection against the economic consequences of old age, sickness and unemployment.

3. No person shall be compelled to labour against his will and without due compensation, except when such labour is imposed by law.

4. Attention shall be paid to the special needs of women workers, including care of infants when their mothers are at work, and adequate provision shall be made during the maternity period.

5. Children of tender age shall not be employed in mines and factories.

6. Workers have the right to form unions to protect their interest.

Taxation and Expenditure

7. The system of land tax shall be reformed and an equitable adjustment made of the burden, immediately giving relief to the smaller peasantry, by a substantial reduction of agricultural rent and revenue now paid by them, and in case of uneconomic holdings, totally exempting them from rent or revenue, with such relief as may be just and necessary to holders of estates affected by such exemption or reduction in rent; and to the same end, imposing a graded tax on net incomes from land above a reasonable minimum.

8. Death duties on a graduated scale shall be levied on property above a fixed minimum.

9. A policy of peace with neighbouring countries will be pursued and there shall be a drastic reduction of military expenditure so as to bring it down to at least one half of the present scale.

10. Expenditure and salaries in civil departments shall be largely reduced. No servant of the State, other than specially employed experts and the like, shall be paid above a certain fixed figure, which should not ordinarily exceed Rs. 1,000 per month.

11. No duty shall be levied on salt manufactured in India.

Economic and Social Programme

12. The State shall protect indigenous cloth; and for this purpose pursue the policy of exclusion of foreign cloth and foreign yarn from the country and adopt such other measures as may be found necessary.

13. Intoxicating drinks and drugs shall be totally prohibited.

14. Currency and exchange shall be regulated in the national interest.

15. The State shall own or control key-industries, mineral resources, railways, shipping and other means of public transport.

16. Adequate steps shall be taken for the relief of agricultural indebtedness and the prohibition of usury.

17. The State shall take steps, directly or through local bodies, to improve the condition of the people in rural areas by providing healthy amusements, facilities for adult education, the extension and improvement of agriculture, the revival and development of hand-spinning and hand-weaving and other indigenous arts and crafts and the adoption of an effective programme of village sanitation, drinking water supply and medical relief.

18. The State shall provide for the military training of citizens so as to organize a means of national defence, apart from the regular military forces.

Summary.

The Indian citizen still suffers from many disabilities. His personal freedom is subject to curtailment by the executive. He cannot freely move about nor can he settle nor migrate anywhere he likes.

He is still excluded from certain offices, civil and military—although he has been declared, quite long ago, eligible for all offices under the Crown in India.

The Indian press enjoys a qualified freedom. There is a feeling in the country that freedom of opinion is not tolerated. Private correspondence is put to unwelcome censorship. The rights of association and of public meeting are subject to unnecessary restrictions.

A picture of Indian Swaraj and of the position of the Indian citizen therein, will be found in the Congress declaration of fundamental rights and in its national economic programme.

Questions.

1. How far do Indians enjoy the important rights of citizenship?
2. What are the advantages of a free press? Would you impose any limitations upon the freedom of the press in India? (C. U. 1926).

CHAPTER XI

FAMILY, VILLAGE, CITY, COUNTRY AND THE EMPIRE IN RELATION TO CITIZENSHIP

We have discussed before the nature of citizenship. We have also discussed, in general, the rights and duties of the citizen. *The citizen, however, may be taken as a centre round which several concentric circles may be drawn.* The smallest of these will be the *family*. Then comes the *village* or the *town* or *city*. The next larger sphere is the *country*. A yet larger one may be the *empire*. And the largest circle is the *world*. Thus arises the necessity of studying the family, the village, the town and the city, the country, the empire and the world in relation to citizenship.

Such a study may be pursued on two different lines. *Firstly*, it may be an examination of the modern citizen's position and an analysis of his rights and duties from local, national and universal points of view. *Secondly*, it may be a historical study of the progressive stages in the growth of the civic sense of man and of those factors which have contributed to that growth. In our brief examination of this question we shall try to combine into one the two lines of enquiry.

Citizenship and the Family

The importance of the institution of the family both *as a factor of civilisation and as the training ground of*

citizenship is too great to be overlooked even by a casual observer. The natural law of the family is the dependence of the young on their parents. But in ancient times it was not the father, mother and the children who alone constituted the family. The slaves were also included.

But it may be safely assumed that *what, in later times, developed into the individual's subjection to the authority of law, had been in ancient society his submission to the authority of the head of the family.* So one of the primary lessons of citizenship was learnt in the school of the family.

Though in course of time the strength of family discipline gradually diminished, *the family has always been, as it still is, the training ground of citizenship.* In many respects the family is a *prototype of the state* because social and civil elements are abundantly illustrated in the life of the family. It is in the family that the individual first learns to conceive of a common good—the good of the family. He acquires self-control and learns how to subject one's own individual good to that of the family. This training paves the way for becoming a good citizen, because one of the elements of good citizenship is the individual's readiness to sacrifice his smaller private good for the greater good of the community. "Family life," in the words of Auguste Comte, "will remain the eternal school of social life, as regards both obedience and government, which ought, as far as possible, to follow this elementary model."

Further, the citizen has certain duties to perform even as a member of the family. For instance, it is the duty

of parents, as good citizens, to see that their children are healthy, educated and of good morals. *Again, the material welfare of the community depends to a considerable extent on the good economic organisation of the family.* The economic organisation of the family should be such as encourages self-help, industry, thrift and the spirit of service.

Citizenship and the village or the town

Outside the family the next larger sphere for the citizen is the village or the town. When several families settled down to an agricultural life the village grew. The town or the city was an after-growth when with the development of arts and industries, wealth increased and men flocked in large numbers into a single place, which was generally the seat of the royal court or a place of pilgrimage or an emporium of arts and industries.

There is, however, a very intimate relation between the village and the town because they are not independent of each other. While the village supplies the city with the primary foodstuffs and with raw materials the city supplies the village with the refined arts and with the necessities which the village itself cannot produce.

From the very intimate etymological connection between "city" and "civilisation" it will be apparent how important a part the city played in the growth of civilisation in the West. In India also there has always been a tendency of the civilised arts to be localised and culture to be crystallised in the city. But the spiritual background for Indian civilisation was supplied by the wisdom of the *Rishis* who mostly lived in villages and in forests.

The residents of a village form into a community. They have their common problems. In ancient times the Indian village was a self-contained whole in which every one had an appointed place. Castes in India developed on the economic principle of division of labour. But in modern times there is no such precise division of labour on a caste basis though many castes still follow their traditional occupations. The villages are no longer economically self-contained.

The rural problems, in modern times, chiefly relate to education, health and sanitation which includes water supply and medical relief. These problems cannot be fully solved unless by co-operative efforts. It is the duty of every citizen living in a village to take a keen interest in the solution of these problems and to be ready to serve on rural boards that may be constituted in their own areas.

The problems of the city are almost the same as those of the village, (with the addition of the problems of housing, conservancy, drainage and town lighting); only in the city they are more urgent and can in no case be left merely to the individual's care. The construction and the maintenance of roads, lighting arrangements, water supply and conservancy, for instance, are some of the major tasks of a municipality. *The citizen should not be indifferent to the administration of the city in which he lives.* He should feel that he is one of those who are responsible for the health and welfare of the city in which he dwells. He should contribute his quota to the fund of civic welfare. In short, he should cultivate the civic sense.

Citizenship and the country

After considering the family, the village and the city in relation to citizenship we are now led to consider the country in relation to citizenship.

The word "country" is a geographical term. But it is used at the same time in a political sense, when it conveys the same idea as the word "nation". When we consider the citizen as a

resident of a village or town and as such interested in its welfare our point of view is local. But when we reach the conception of the country we are looking from a national standpoint. It is a larger conception and was arrived at by man after a long time.

It is only when man can look beyond the local boundaries of his village or city or even his province and think of a larger community of human beings and human interests (*i.e.*, of the country or the nation) that the idea of the country state or the nation state is reached. A citizen as a member of the country state should have a broad outlook. *He should learn how to reconcile the various local interests among themselves and also to subordinate them to the higher interests of the whole country.* He should learn to love the state of which he is a member though he may be only a small part of it.

Citizenship and the Empire

The idea of the empire was born at the time when a powerful king or general led a victorious military campaign and established his dominion over the conquered country. Military zeal and love of supremacy were perhaps the forces which originally supplied the motive power. Soon economic causes were added. In ancient India there were extensive empires under Hindu and Buddhist emperors. The Greeks under Alexander founded a vast empire which extended right up to the Punjab in India. The great Roman Empire extended over vast territories in Europe, Asia and Africa.

In modern times the British Empire has been founded mostly as a result of commercial enterprise. It now covers one-fifth of the globe. But the British Empire is different from its ancient prototypes in as much as its different parts except India and the Colonies are now autonomous.

in character. If Dominion Status be granted to India and to the colonies the British Empire might then truly become the British Commonwealth of Nations. In the ancient empires only the members of the conquering race enjoyed the full rights of citizenship. In a Commonwealth of Nations as the one conceived by our Empire statesmen there would be an equality of status for all. An Indian would not only have his Indian citizenship but as a citizen of the empire* he would also stand on the same footing as the citizens of other parts of the empire.

The citizen of the world

We have discussed above, citizenship in relation to the family, the village or city, the country and the empire. But there is a tendency at present towards widening the scope of citizenship still further. International relations in all spheres, social, political, economic and cultural, are

* There is however in reality no such thing as a British Empire citizenship. There is such a thing as British Empire subjecthood which entitles you to the protection of the King so long as you do not commit a crime. But there is nothing more. Some British statesmen are seeking to make Empire citizenship more real by forging a greater unity through new economic bonds. The Ottawa Agreement is an attempt in that direction. Imperial defence is also a bond of imperial citizenship.

The equal claim for equal franchise rights in the Empire outside India arises, in my opinion, from a misconception of the nature of British citizenship. This misconception arises not from the fact, but from the assumption that all subjects of the King are equal, that in an Empire where there is a common king there should be a common and equal citizenship and that all differences and distinctions in citizen's rights are wrong in principle. It is, of course, clear that the assumption is wrong. There is no common equal British citizenship throughout the Empire. On the contrary, there is every imaginable difference. The common kingship is the binding link—it is not a source from which private citizens will derive their rights. They will derive their rights simply and solely from the authority of the state in which they live.—*Gen. Smuts quoted in the Kamala Lectures.*

daily becoming closer. It is being more and more realised that in modern times the problems of mankind cannot be solved individually by nations.

Since the last Great War, there has been an outburst of an intense, insurgent and aggressive nationalism in many countries in the modern world. The spirit of nationalism is to be welcomed, if it seeks, as in India, the liberation of a people enslaved by another, since a free nation is much better able than one which is not, to contribute to the cause of international peace and amity which alone can lead to true human progress. But where this nationalism is aggressive and selfish, it is not to be encouraged.

The time has come when a man should look beyond the boundaries of his country and should feel himself a citizen of the world. A cosmopolitan outlook is necessary for the solution of the great problems which face civilisation to-day. It will be a mistake to think that an international outlook will be antagonistic to all national interests and aspirations. Nationalistic aims which are opposed to the good of humanity as a whole should not be cherished. A citizen of the world should look at things not only from a local or a national point of view but also from the international point of view.

The League of Nations which has been established to promote international progress through international peace and good-will is a child of the cosmopolitan idea. But as yet this child is very weak and has made but little impression even in Europe.

Summary.

The citizen is the centre round which there are several concentric circles. *These are family, village, city, country, the empire and the world.* From each, the citizen derives certain advantages in return for which he has to render certain services.

In the family, the citizen first learns obedience to authority and the sacrifice of his smaller private good to the greater good of the community of which he is a member. These are valuable lessons learnt.

In the village, the citizen has duties which he must discharge to promote the welfare of the village. These relate to village education, health, sanitation, roads and communications.

In the city, the citizen is concerned with a few additional problems of city life. These are housing, conservancy, drainage and town lighting.

As a national citizen, he has to take a broader outlook. He has to reconcile the various local interests among themselves and to subordinate them all to the higher and paramount interests of the nation.

The conception of Empire citizenship is one which is difficult and disputed.

The scope of citizenship has broadened to include within it the conception of an international citizenship such as is sought to be created through the League of Nations.

Questions.

1. Discuss the influence of family upon citizenship.
2. State your views as to the proper activities of a citizen (a) in a rural area and (b) in a municipal town. (C. U. 1930).

CHAPTER XII

ORGANS OF GOVERNMENT AND SEPARATION OF POWERS

The powers which the government of a country exercises may be classified generally as, *legislative, executive and judicial*. In all modern states these three kinds of powers are placed in separate hands. Hence we get *the three organs of a modern state—the Legislature, the Executive and the Judiciary*. The business of the Legislature is mainly to lay down the law, the Executive sees that the law is carried out and the Judiciary decides as to how the law should be applied in particular cases.

A homely illustration given by Sir John Marriott will illustrate the position. Let us start with the most familiar figure, the policeman. The policeman's business is to execute or enforce the law as laid down by the legislature. In the particular instance chosen, the policeman is trying to execute traffic laws made in the interests of safety of the passers-by lest they be run over. He may, after dusk, find you riding a bicycle without a light. He stops you and takes down your name and address or if you refuse to answer he takes you to a police-station. You will be next brought before the magistrate who is the judge in the case.

Before the magistrate the policeman will give his version of facts and you will give yours and the magistrate will decide between them. If he believes the policeman's

story of your riding on a cycle without a light after dusk he will punish you with a fine because you have violated the law. So when you do anything which goes against the interest of the community and as such is prohibited by law you are liable to be caught by the policeman who is an executive officer charged with the enforcement of the laws laid down by the legislature. It is for the judge to decide if you have really infringed the law and if he decides against you he passes a sentence of punishment the carrying out of which again is entrusted to the executive.

In a modern state the powers of government are divided as also the functions exercised by the three main organs of government which are distinct from one another.

Separation of Powers

Its theory and its advantages

The theory of separation of powers is associated with the name of Montesquieu.

It may briefly be stated as follows. Since concentration of power and authority may lead to tyranny, to secure the liberty of the individual it is necessary that the powers, legislative, executive and judicial, should be distributed among different bodies of persons to be separately exercised by them—each should be limited to its own sphere and within that sphere should be independent and supreme. The legislature will make the laws, the judges will interpret and the executive will enforce them.

The case was different in early times when there was no separation of powers. The old absolute monarch combined in himself all the three powers, legislative, executive and judicial. The king's word was law. The king enforced that law. He gave the punishment. The king was thus the sole lawgiver, the chief executive and the sole judge. In a system of government like this there could be no real liberty of the individual because the life and property of the individual were at the tender mercies of the king and his nobles.

Its criticism

It should be noted, however, that the theory of separation of powers cannot be absolutely true. *Complete separation of powers is neither possible nor desirable.* Some degree of separation of powers is, no doubt, essential to liberty but in complete separation there is a loss of efficiency. The government is to be viewed as a whole whose organs, though generally distinct, must work in unison with one another in order to be useful and effective.

As a matter of fact, in most states the executive has a good deal of control over legislation while the legislature, on its part, exercises some control over the executive. For instance, in Great Britain, the Cabinet, whose members are the executive heads of departments, largely directs the course of legislation, while the check of the legislature over the executive in the conduct of the administration is not small.

Further, though in theory all the departments are equal, they are not so in reality. "In all governments the legislative department is, in fact, the most powerful of the three and the judiciary the weakest." Garner.

Separation of powers in India

In India, in theory, there is a separation of powers but in practice, there is no separation of powers. The executive retains a large amount of law-making power and also large judicial powers. In India we have a concentration of all authority, executive, legislative and judicial, in the hands of one single body, the Executive.

The legislatures of India are in many cases subject to the authority of the executive which retains considerable over-riding powers. The certifying and the vetoing powers of the Indian executive are real and they are often exercised.

Further, the executive can virtually punish a person without having recourse to the ordinary process of law. Also, judicial powers are actually combined with executive powers in the same person in India, e.g., in the District Officer who is the chief executive officer as well as the magistrate in a district. 'To be tried by a man who is at once the judge and prosecutor is too glaring an injustice.' When the functions of a policeman, a magistrate and a judge are all united in the same officer it is

vain to look for justice—said Sir Richard Garth, once Chief Justice of Bengal.

There can be no subject which is more urgent or which deserves more earnest attention than the proposal to improve the administration of justice in India and to relieve it of the scandals which are inseparable from the present system.

The judges in India should be made independent of the control and influence of the executive and the legislatures must also be freed from executive dominance and interference to make liberty real for the people.

The Legislature

The legislature is the most important organ of the state. Through it the will of the state is expressed. In a parliamentary government the executive and the judiciary must abide by the will of the legislature and depend on money grants passed by the legislature. In countries with a cabinet form of government the executive is virtually chosen by the legislature and holds office at its will. In most states the legislature has the power to impeach the executive and to dismiss the judges for misconduct. The legislature is thus not only the law-making organ, it is also the critic and the policy-forming organ.

Constitution of the Legislature

The legislatures may be either unicameral, i.e., composed of one house, or bicameral, i.e., composed of two houses. Most modern states have two chambers one called the upper or second chamber and the other the lower chamber or house. The lower house is always elected and is everywhere by far the more powerful of the two; it is the final and in some states the sole authority in all matters relating to taxation and expenditure. The upper house may be constituted on a hereditary basis as is largely the case in Great Britain and Japan. It may also contain members appointed for life as in Canada. But in most modern states the upper house is elected though on a more restricted franchise and for a longer term than is the case with the lower house. Higher age and other qualifications are also prescribed for the members of the second chamber.

Advantages of the Second Chamber—The second chamber acts as a check on hasty, ill-considered legislation of the lower house. It is often called the chamber of statesmen because its members are more aged, more conservative and experienced than those of the other house. The second chamber should not thwart the will of the lower chamber; its chief functions are delay and revision. By sending back measures for reconsideration it allows passions to cool down and dispassionate judgment to prevail.

Disadvantages of the Second Chamber—"If a second chamber is in agreement with the first, it is superfluous; and if it is not in agreement with it, it is pernicious", said Abbé Siéyès and the remark still holds true to a considerable extent. Being representative of conservative elements, the second chamber often identifies itself with the interests of the capitalist class and opposes the liberal and the socialist parties. Its existence is thus hostile to the interests of democracy and the working class.

In India the history of the second chamber (Council of State) has not been such as to encourage lovers of democracy. It has consistently ranged itself against democracy and progress. Under the coming reforms the proposed constitution of the federal upper house will make it the stronghold of the forces of reaction and conservatism as represented by the princes and landlords. In Bengal, the U. P. and Behar, provincial second chambers are proposed to be set up to give the propertied and conservative interests a controlling voice.

The Executive

The executive executes or puts into effect the will of the state.

Constitution of the Executive

The executive consists of the King or the President and the ministers together with the whole body of officials engaged in administration. Of the higher executive the President is always elected as the King is hereditary. The ministers are generally appointed by the King or the President from the body of elected members of the legislature. The lower or the permanent executive consists of persons who are appointed by official heads or by a special appointing body. Though administration is its proper function the executive has close relations with the legislature and

the judiciary and exercises some legislative and judicial power. It summons, prorogues and dissolves the legislature; signs or vetoes, as the case may be, measures passed by the legislature and promulgates them; makes law by issuing rules and decrees in a manner laid down by the constitution; and recommends or directs the course of legislation in the legislature. It also appoints judges, takes disciplinary action and sometimes court-martials its own officers and has the power of granting reprieves or pardons to persons convicted by the courts.

The executive is organised in several departments. Over the executive as a whole stands the President or the Chief Minister. Each department is in charge of a separate minister under whom there is the permanent head of the department. The chief departments are: (1) Defence or War Office in charge of the Army, the Navy and the Air Force; (2) Foreign Office in charge of Foreign Affairs; (3) Home Department or Department of the Interior in charge of law and order, police, prisons, etc.; (4) Finance Department which keeps and in a sense controls the nation's purse; (5) Education Department; (6) Industries and Labour; and (7) the Post Office. Other departments are Agriculture, Public Health, Commerce, Transport, etc.

Bureaucracy and Permanent Civil Service—There are two types of administration, democratic and bureaucratic. Democracy is more responsive to the needs and desires of the people and is conducive to progress. Imagination and enthusiasm are the key-notes of democracy but it often leads to inefficiency, waste and dangerous innovations. Bureaucracy, on the other hand, is unimaginative and routine-bound; but as it works according to experience and tradition it is remarkably efficient in the conduct of day-to-day administration. *In modern democracies the executive is organised partly on a democratic and partly on a bureaucratic basis.* The President or the Ministry represents the democratic element, going in and out of office according to the changes of public opinion. But the day-to-day administration is entrusted in the hands of the permanent civil service which represents the bureaucratic element. The permanent civil service consists of a trained body of experts possessing a high degree of knowledge, skill and ability and recruited mostly by competitive examinations. So great is the power and efficiency of the permanent civil service that a democracy like Great Britain is often called a masked

bureaucracy. In India the influence of the permanent civil service is infinitely greater.

The importance of an efficient and incorruptible permanent civil service cannot be over-emphasised but it should not be allowed to dictate in matters of policy. The power of determining the policy of the state should be vested in persons elected by and responsible to the people. The people must be allowed to say what they want and then it shall be the business of the executive to supply those wants efficiently and cheaply. Therein consists the essence of democratic or responsible government. In India the bureaucracy is highly efficient; but it is irresponsible and is in charge of the policy of the government as well as the day-to-day administration. The absence of a responsible chief executive is at the root of the principal evils of bureaucratic government in India, viz., red-tapism, lack of sympathy and imagination, short-sightedness, unresponsiveness to the people's needs and desires. The establishment of responsible government will remedy these evils to a great extent.

The Judiciary

The function of the judiciary is to interpret the law and to apply it to individual cases. It frequently happens that the judge has to interpret laws which are not quite explicit and then he is guided by custom, usage, and the general principles of justice and morality. The judge, becomes for that case at least, a creator of law and so we have *judge-made laws* which together with equity form a considerable part of our jurisprudence.

Who should be the judges and how should they be appointed?

Judges should be thoroughly trained in law and should be absolutely impartial.

To secure the impartiality of the judges, judges should be made independent of both the executive and the legislature. This *independence of the judiciary* is secured by an adequate salary, permanent tenure and by making them practically irremovable from their office during their term of office, liable only to be removed or recalled for very special reasons.

Summary.

If the governmental powers are concentrated in a single authority, they may be abused, a tyranny set up and liberty endangered. Hence the need felt for, a separation of powers among different organs of government each of which would act as a check on the others.

The organs of government are (1) *the Legislature*, (2) *the Executive*, and (3) *the Judiciary*. Of these three, the Legislature is generally the strongest and the Judiciary the weakest.

Questions.

1. Explain the theory of separation of powers. Is a rigid separation expedient?
2. Indicate the advantages of separation of powers and illustrate them from Indian conditions. (C. U. 1926).
3. Write notes on—
 - (a) The Executive.
 - (b) The Second Chamber.
 - (c) The Judiciary.
4. 'The strict separation of power is not only impracticable as a working principle of government, but it is one not to be desired in practice.' Comment on this statement. (C. U. 1934).

CHAPTER XIII

FUNCTIONS OF GOVERNMENT

Before we proceed to classify and enumerate the functions of modern governments we should briefly examine the different theories regarding them, because people are not unanimous as to what should be the proper sphere of government.

This question is of great practical importance because *it deals with the activities of the state which in modern times embrace almost every aspect of our life.* The question ultimately resolves itself into: *where and how far is the state justified in exercising a control over the acts of individuals?* It is, therefore, for their own sake that individuals should have a clear idea about the proper scope of governmental activities.

Properly speaking, there are only two theories regarding this matter—the *individualistic* and the *socialistic*. According to the individualistic theory the sphere of state activity should be restricted to the narrowest possible limits while the socialist, going in the opposite direction, holds that the scope of governmental action should be enlarged so as to include all those things which directly or even indirectly concern the welfare, specially the economic welfare, of society.

I. The Anarchist Theory

Before we enter into a detailed discussion of the two theories mentioned above, we should take note of another

view, namely, the anarchist view, though strictly speaking, it has no place in a discussion of the functions of the state because to the anarchist the state is an unmitigated evil which should be altogether done away with.

But the consideration, at this point, of the anarchist theory may be justified on the ground that *the anarchist view is an extreme form of the individualistic theory*. Individualism and anarchism both consider all restraint as essentially evil. *While individualism admits the necessity of some restraint* and, therefore, the necessity of the state, *anarchism holds that all restraint based on physical force is evil and that the state is a wholly unnecessary evil*.

Anarchism means 'no rule.' Anarchism aims at a society in which every individual will be ruled by himself and by associations to which he owes purely voluntary allegiance and nobody will be ruled by force by any outside authority. The anarchist looks upon government as an enemy of liberty.

He argues that government is and has always been carried on in the interests of the privileged few and the state is based essentially on the principles of coercion and compulsion which will be unknown in an anarchical society. It is only in the unrestricted freedom of anarchical society that the full and harmonious development of the individual as well as of society is possible.

It will be out of place here to attempt a refutation of the anarchist view that the state is an unnecessary evil. The anarchist arguments which aim at proving that all restraint is bad are about the same as those advanced

by individualists. These will be stated and examined as we consider the individualistic theory.

Value of the anarchist theory

In the meantime, let us point out the value of the anarchist theory as stated by Prof. Jethro Brown :

(a) The anarchist makes a just criticism of the existing conditions in society, though the remedies he suggests may not be the real remedies.

(b) The anarchist has very properly laid emphasis on the individual's right of self-rule.

(c) The anarchist challenge has rendered a great service to the community by stressing the importance of a critical examination of the nature and authority of the state.

(d) The anarchist believes that most of the activities and duties enforced by the state by means of the police and the military could have been done better if left to the free will of the individual.

II. The individualist theory or the doctrine of *laissez faire*

Laissez faire (Fr.) means "let alone".

Like the anarchist, the individualist regards all restraint as an evil and every extension of the power of the state as so much taken away from the domain of individual liberty. But unlike the anarchist, he admits that the State is a necessity because if it did not exist, the inherent selfishness of man would lead him to disregard the rights of others. According to the individualist, the power of the state should, however, be exercised only to

the extent of maintaining peace, order and security and no further. *The state "should be nothing more than a police organisation to enforce contracts, keep the peace and punish crime ; and when this is done, its functions are exhausted."*

Arguments in favour of individualism

(a) "The true end of man is the highest and most harmonious development of his powers to a complete and consistent whole." An excess of government puts a serious check on such development of the individual. Such excess "superinduces national uniformity" and tends to "reduce society to a dead level." It crushes out originality and weakens individual character.

(b) Individualism rests on scientific grounds, because it is in harmony with the theory of evolution. Leaving the field of competition open to all *it leads to the survival of the fittest.*

(c) The theory is true because it holds that *man universally seeks self-interest and is himself the best person to know in what his self-interest lies.*

(d) It is contended by the individualist that *his theory is based on sound economic principles. The policy of non-interference with the conduct of industry will lead to the best economic results.* If competition is unrestricted, production will be on more economic lines, wages will be kept at a normal level and the quality of production will improve.

(e) Lastly, *it is wrong to suppose that the state is omniscient or infallible.* It is no better than the individuals who compose it and it can never be a better judge

than the individuals themselves of the latter's needs and requirements.

Criticism of the individualistic theory

The theory of individualism is open to criticism.

(a) It is wrong on the part of the individualist to assume that the state is essentially an evil. History proves that *state regulation has helped and not retarded the progress of human civilisation.*

(b) The view of the individualist that the state exists only to restrain is incorrect. With the increasing complexity of modern civilisation arises the increasing necessity of state regulation and state management. Problems of modern life have assumed such proportions that they can hardly be solved except by a central and co-ordinating authority like the state. The individualist has erred in exaggerating the evils of state regulation and in minimising advantages.

(c) The individualist has a mistaken notion of liberty inasmuch as he thinks that the state is hostile to liberty. Government and liberty are not opposed to each other. On the other hand "*wisely organised and directed state action not only enlarges the moral, physical and intellectual capacities of individuals but increases their liberty of action by removing obstacles placed in their way by the strong and self-seeking.*"

(d) Further, restraint is not always an evil. The formation of character needs discipline and restraint as well as freedom. The individualist has wrongly exaggerated the importance of the individual at the expense of society.

(e) And, it is not always even true to say that.

each individual knows his own interests better than the state can know them. For example, in matters of sanitation, education and child labour, the state understands the interests of an individual better than he does himself.

(f) In the economic sphere freedom is often restricted by monopolies and so state action becomes imperative in the interests of society. Without the aid of the state the poor cannot enjoy equality of opportunity with the rich.

(g) The growing complexity of the world and the interdependence of the nations tend to make state control necessary over a larger field. Without state aid in the form of protective duties, bounties, subsidies, anti-dumping laws, etc., the industries of a nation would not be able to hold for a day against foreign competition.

III. The socialist theory

Directly opposed to the individualistic theory of state functions is *the socialistic theory which wants a maximum of government interference in the affairs of men.*

Arguments in favour of socialism

(a) The socialists, unlike the individualists, fully trust *the state* and look upon it as *the depository of their supreme good* and, therefore, they want the state to promote the collective interests of the people in as many ways as it can. They consider the present distribution of property as inequitable and urge that there should be a re-distribution on a juster basis.

(b) The socialists argue that *socialism is founded on*

principles of justice. According to them, the land and the mines which are free gifts of nature should be owned in common by the people and should not belong, as at present, to the few. The landlord has no more exclusive right to them than he has to air, sunlight, and the blue sky.

(c) Socialists also want to nationalise the instruments of production and also the public utility services. Factories, railways, telephones, water-works, etc., should be owned and worked by the state on behalf of the people.

In other words, the socialist wants to end the present system of economic organisation, the system which allows the capitalist to enjoy the fruits of the toil of the labourers. The labourer who is the real producer gets too little whereas by far the largest share of the income goes to the capitalist, to the speculator and to the middleman.

(d) The present system helps the rich to grow richer and makes the poor poorer. It has thus led to grave social evils born of inequalities in wealth and opportunity. The masses are continuously exploited. The state, as the guardian of the masses and as the repository of the interests of all, should protect the majority from the tyranny of the capitalist minority.

Criticism of the socialist theory

The arguments advanced against the socialistic view of the functions of the state are chiefly these :

✓(a) *Socialism destroys the incentive to labour.* People would not feel inclined to work hard if they are not allowed to acquire and accumulate property. Human effort will slacken and all progress will be arrested. The

principle that underlies socialism is that "the able, industrious, and provident should share with the stupid, the idle, the improvident whatever may be obtained as the reward of their energy and virtues."

(b) The socialist also errs in his overestimation of the state's capacity and efficiency: *It would be impossible for the state to discharge efficiently all the different functions which the socialist would like to entrust it with.*

✓(c) Further, socialism will bring deterioration in individual character because individual enterprise will be killed by the state regulating everything.

Conclusion

The conclusion that we can draw from our survey of the individualistic and socialistic theories is that neither is wholly correct but both contain elements of truth.

The changed outlook

The outlook has changed with a realisation of the comprehensive duties of a modern government and of the impossibility of *laissez-faire*. The controversy is no longer of practical importance because no government is purely individualistic to-day.

A literal application of the doctrine of *laissez faire* would be out of the question in any modern state ; likewise, *complete socialism* is not considered practicable to-day. The truth is that "it is impossible to draw the boundary line between legitimate and illegitimate state interference because it is a line which must change with the altered conditions and needs of society."

The state no longer the mere policeman

At a barbarous stage of society the only duty of the state was perhaps that of the policeman but with the

growth of civilisation the scope of its activity has been enlarged. *The state is justified to intervene when the purpose of such intervention is the furtherance of the common good.*

Extension and rapid advance of Socialism

As a matter of fact, all modern states at present undertake work which, from strictly individualistic point of view, would be outside their proper sphere. For instance, the British Old Age Pensions Act, Employers' Liability and Workmen's Compensation Acts, acts relating to housing, health and factory conditions all testify to the advance of socialism in Great Britain. Socialistic legislation is also to be met with abundantly in France and in Germany. In India also we have our labour legislation which would have been considered as socialistic only a few decades ago. Also, railways, trunk telephones and telegraphs which are owned and managed by the state in India are instances of socialistic state enterprise. As regards public utility services, many of them are now owned and managed by municipal corporations.

The individualist is right in so far as he emphasises the importance of individuality but *the best way to help the development of individuality in a highly complex society such as ours is not to leave the individuals alone because in that case the more powerful few will crush the weaker many.*

Further, there are certain kinds of work which cannot be done or at least cannot be done well by private enterprise. Here also the state should step in.

Social and cultural welfare of the citizens is becoming

ever-increasingly a concern as much of the state as of the citizens themselves. *The state*, which should be nothing more than a policeman according to the old individualistic view, *considers itself to-day more and more a promoter of citizens' welfare as well as a guardian of their interests.* The state to-day should look after the moral, economic and political well-being of the citizens. *Social, economic and political reforms are, therefore, well within the scope of a modern state.*

Classification of Functions of Government

We have discussed before the different theories about state functions. We shall now classify and enumerate them. The functions of government have been divided mainly into two classes. *Firstly*, there are those which must be discharged if the state is to exist at all. These are called *fundamental* or *essential functions*. Woodrow Wilson has called them *constituent functions*. And *secondly*, there are those functions which are known as *non-essential* or *ministrant functions*.

The constituent or essential functions

These comprise (1) *the preservation of external security* and (2) *the maintenance of domestic peace and order.* These are the *original and primary functions of the state.* Every state must discharge them in order to justify its existence.

Preservation of external security

External security means security from external danger either of a military invasion or of encroachment upon international rights. The state should, therefore, be in a fit

condition to defend itself against foreign attacks. For this purpose it maintains a standing army, a navy and an air force and can call upon its citizens to take up arms and to fight in defence of the state. In times of peace, too, the state has to deal with foreign powers and look after its international interests.

Maintenance of internal peace and order

Every government should aim at securing peace and order within the country. There can be no progress of any kind unless there is peace and order in the country. It is, therefore, as much the duty of the government to make adequate arrangements for the maintenance of peace and order as it is the duty of citizens to co-operate with the government in such work.

The state should make provision for the protection of life and property. There would be no use living in a state if life and property were not secure. The state has, therefore, to keep a police organisation to prevent and detect crimes. It has also to dispense criminal justice in order to punish crimes. Property is protected not merely from violence but also from other kinds of encroachment and interference. The state has, therefore, to administer justice in civil causes, to secure to each member of the state the peaceful and undisturbed enjoyment of what belongs to him.

The non-essential or ministrant functions

These are not indispensable to the state. Yet the state undertakes these functions on grounds of social utility. These are activities which have for their object

the promotion of the moral and material welfare of the people.

Such functions are assumed by the state because it is felt that if left to private individuals they would either be not done at all or not done so well.

The non-essential or the ministrant functions of the state have varied from one state to another according to the varying needs of different countries. The most important among the non-essential functions of a modern state are placed under the following heads :

1. Regulation of Industry and Trade

The state has to look after the coinage of money, standards of weights and measures, and trade licenses. It has to deal with the tariff question which arises in connection with the duties on the export and import of goods. It has also to regulate the conditions of work in factories. The enormous increase in labour and factory legislation in all modern states testifies to the importance which this matter has assumed in recent years.

2. Maintenance of Public Utility Services

There has been a growing tendency everywhere towards bringing the public utility services more and more under state control. Not only the postal and telegraph systems, but railways, tramways, and telephones are considered proper objects of state control. The control of the supply of water, gas and electricity is being gradually wrested from private hands.

3. Public Health, Sanitation and Medical Relief

It is increasingly becoming the duty of the state to

look after the health of its members. Sanitation and medical relief engage the attention of all modern states. Hospitals and dispensaries are maintained to give medical relief to citizens. The state looks after medical instruction and supports medical research institutes.

4. Education

The state has to look not only after the material well-being of its members but also after their moral and intellectual welfare. The state, to-day, has, therefore, to provide for the education of all its members.

5. Care of the poor, the aged and the infirm

Since the state is responsible for the good of society as a whole, it is the duty of the State to make due provision for the poor, the aged and the infirm. The problem of poverty is to be solved largely by the state. As long as poverty lasts it will be the duty of the state to see that the poor do not perish merely because of their poverty. The state has further to look after the aged and those who are physically unfit to support themselves by work. In some of the modern states old age pensions are given, and alms houses and asylums are maintained by the state.

Summary.

The two theories regarding the functions of government are :

- (1) the individualist, which wants the minimum possible interference and which would have the state only as the policeman and in no other role and
- (2) the socialist, which, on the other hand, wants the maximum of government because the state is the depository of the supreme good of the people.

The state, in these days, must act as the guardian and the protector of the masses who suffer in the individualist regime.

It must also seek to promote the welfare of the people in as many ways as it can. Social, political, and economic reforms are, therefore, well within the scope of government to-day.

The functions of government have been classified into (1) constituent or essential, *e.g.*, *preservation of external security and maintenance of domestic peace and order*, and (2) non-essential or ministrant, *e.g.*, *regulation of industry, health, education, poor relief and public utility services*.

Questions.

1. Enunciate some of the functions of a modern government. (C. U. 1928).
2. Briefly criticise the socialist and the individualist theories regarding the functions of government.
3. What do you consider to be the proper functions of government? Should the state take charge of the poor and the unemployed?
4. Write short notes on :—
 - (i) the individualistic or *laissez faire* theory, (ii) the socialist theory, (iii) the anarchist theory.

CHAPTER XIV

FORMS OF GOVERNMENT

Aristotle's classification

Governments are classified by Aristotle, according to the number of persons who exercise the supreme power within the state, into (1) *monarchy*, (2) *aristocracy* and (3) *democracy*. If the supreme power is vested in one single person it is a monarchy, if power is vested in a few it is an aristocracy and if power is vested in the many it is a democracy.

Aristotle considered Monarchy, Aristocracy and Democracy (Polity) the three standard forms of government. The first he defined as the rule of the One, the second as the rule of the Few, the third as the rule of the Many. Against these standard and, so to say, *healthy* forms which ruled in the interests of the community he set their degenerate types which ruled in the interests of the ruling class only. (Tyranny he conceived to be the degenerate shape of Monarchy, Oligarchy the degenerate shape of Aristocracy, and Anarchy (or mob-rule) the degenerate shape of Democracy—Woodrow Wilson.)

Monarchy

When the supreme governing authority is vested in a single person the government is a monarchy. The office of the monarch is a hereditary one, though some of the ancient kings, e.g., the kings of Rome, were elected. A king may be elected even in modern times. Nadir Khan, the late king of Afghanistan, was an elected king. But the king's hereditary right to the throne is one of the most important characteristics of a monarchy. Indeed, but for

this characteristic there could hardly be any line of demarcation drawn between the Presidents of republics and some of the modern monarchs.)

{ Monarchies have been divided into (a) *absolute*, *arbitrary* or *despotic* monarchies and (b) *constitutional*, *parliamentary* or *limited* monarchies.)

(a) **Absolute Monarchy**

{ In an absolute monarchy or autocracy the will of the monarch ultimately prevails in all matters of government. His powers are limited by no will except his own. The typical absolute monarch was Louis XIV of France whose famous boast *L'état, c'est moi* (I am the state) well described the position of an absolute monarch. Absolute monarchy, however, is a thing of the past so far as at least the states of the civilised world are concerned. Its last vestige disappeared with the passing away of the Czar of Russia, the Kaiser of Germany and the Sultan of Turkey.)

{ There have been many benevolent autocrats, for instance, Asoka, Akbar, Peter the Great, who have conferred great benefits on the people. But a good monarch may not leave his throne to a good son. Rather a good monarch is often succeeded by a bad and inefficient one.

Even benevolent autocracy is objectionable because it destroys freedom and initiative and degrades the character of the people.)

(b) **Limited Monarchy**

It is one in which the powers of the monarch are limited by the ultimate political control of the people or by the laws of the constitution of the state. The British King is a constitutional monarch who reigns but does not govern.

Aristocracy

(When supreme authority is vested in a small group of persons the form of government is said to be aristocratic. Aristocracy is government by the few. *Aristos* in Greek means the best. So the ancient Greeks conceived Aristocracy to be an excellent form of government since it was the government by the best and the wisest who were naturally few in the state. It is, however, difficult to ensure that those in power will always be good and wise.

Aristocracy degenerates into oligarchy when the few in whom power is vested use that power in furthering their own selfish interests.

Aristocracy may be based on virtue, wealth, birth or military organisation.

Democracy

Demos, in Greek, means the people. Democracy would, therefore, mean government by the people. Abraham Lincoln defined Democracy as "government of the people, by the people, for the people."

In the ancient Greek states there were slaves who had no political rights. So democracy of the Greeks meant government by the many rather than by all. The modern conception of democracy is of "a government in which everyone has a share." This definition, however, only applies to the democratic ideal and not to democracy as we actually find it in most states.)

There are still many governments which are known as democratic but under which *not all* the people enjoy full political rights. The tendency in all politically advanced countries, however, is towards a *universal adult suffrage* (votes for all grown up persons). Under a fully

democratic government *everyone should have the right to vote, to sit in the legislature and to hold office.*)

Democracy may be (a) *pure or direct*, or (b) *representative or indirect*.

(a) Pure or direct Democracy

(Where the will of the state is expressed or formulated directly in a mass meeting of the entire people living in the state, democracy is said to exist in a pure form. Pure Democracy is to be found in some of the smaller Cantons of Switzerland where the people assemble together to pass laws, sanction taxes, grant moneys and elect officers of the state. Direct democracy was possible in the city states of ancient Greece because those states were small and, further, because Greek citizens were free to devote as much of their time as they liked to politics while their slaves did the menial work.)

(b) Indirect or Representative Democracy

(Pure democracy is impossible in the larger states of to-day because of the largeness of the population which would make it impossible for all the people to meet conveniently together in order to formulate their will regarding every important item of government business; and even if they could so meet, such a meeting of an entire people would be hardly competent to deal with the highly complicated business of a modern government.)

(In all modern states we have indirect or representative democracy. Since it is impossible for the entire people to be present together and to have a direct share in the work of government they choose representatives for the purpose. Where the representatives meet for the transaction of government affairs the entire body of people

is presumed to be present by proxy. In a representative democracy the supreme authority is regarded as being vested in the people although it is actually exercised on their behalf by their representatives.)

✓ **Representative government is the best form of government.**

(It is generally admitted to-day that representative government is under modern conditions the best form of government. Pure democracy is impossible in any modern state in view of its large area and population, while aristocracy and monarchy are incapable of achieving the best ends of the state. As Mill contended, *the criteria of good government are two viz., first, how far it preserves the amount of good already present in society and, secondly, how far it enhances its future good.* In his view, representative government eminently fulfills both the conditions.)

Modern thinkers like Bryce and Laski also acknowledge the superiority of representative democracy over all other forms of government. Bryce thinks that it heightens the moral stature of men by the responsibility it thrusts upon them. Laski says much the same thing, *"It increases initiative by widening the sense of responsibility."* In short, representative government improves the quality of men by rousing in them a political consciousness. To quote Laski again :--"*. . . there is no other system which has the same merit of meeting, as an institutional scheme, the theoretical end that the state must serve.*" (*An Introduction to Politics*).

It must be noted, however, that the essential virtue of representative government rests upon its being truly representative. There may be all the appearances of a representative government in a country as we have in India, but without an adequate basis of franchise and without due provision for the representation of minorities true representative government cannot be said to exist. In British India out of 247 millions only 7·4 millions have the vote or the franchise, the others, mainly peasants and workers, go unrepresented. Mill thought that nothing but a false show of democracy is possible without the representation of minorities. But over-emphasis on minority representation in India has led to the supersession of national interests by communal interests.)

✓ *Further in a true representative government there is no place*

for men who are not elected representatives of the people. The presence of nominated members in the Indian Legislatures hinders the growth of representative government in India.)

Modern Classification of States—Modern Forms of Government

The above mentioned classification is of little value at the present day because it does not help us to understand (the real character of modern governments.) (According to it, England is a monarchy but so were Russia and Turkey before the war. But what a great difference between them! The British government is democratic in reality though it is monarchical in form. The power in Britain lies, *only in name*, with the British King; but, *in reality*, it lies with the British people. The name, therefore, may not signify much.)

Some of the more modern classifications are given below :

1. Cabinet and Presidential Forms of Government

The words 'cabinet' and 'presidential' have been borrowed from the titles of (a) the executive in England, *i.e., the cabinet*, and of (b) the executive in the United States of America, *i.e., the President*. The classification has been made on the basis of the principles governing the relation between the executive and the legislature of a country.

(a) Cabinet Government

(The cabinet form of government is a government by a committee of the legislature. Cabinet government in Britain means that the control of administration is vested (1) in a ministry which is (2) a committee of Parliament, (3) chosen from members of the party or parties domi-

nant, (4) meeting in secret and, (5) owing a direct and collective responsibility to the House of Commons, and holding office only so long as the Cabinet has a majority in the House or has its confidence.)

✓ (In Britain the cabinet is the real executive. The king is the nominal head. It is the cabinet which carries on the government in the king's name.)

(Only the ministers having the more important portfolios in their charge go to form the cabinet. The ministers being at the same time, members of the legislature, and heads of the administrative departments, the legislative and executive functions are to a large extent combined. (The cabinet not only conducts the administration but also directs the course of legislation.) Cabinet government is the most successful as it is also the most efficient form of democratic government. Harmony between the executive and the legislature and effective ministerial responsibility are its chief virtues. On the other hand, it concentrates too much power in the hands of a few party leaders who form the cabinet and reduces parliament to impotence.)

(Cabinet government is also known as **responsible government** to emphasise the responsibility of the executive to the legislature by whom it is controlled.)

(It is also known as **parliamentary government** to emphasise the control and influence of Parliament or the Legislature in the government of the land. From England this system has spread to the greater part of the civilised world.)

(The British Cabinet Government has been wholly copied in the British Dominions where the relations

between the executives and the legislatures are exactly similar to that obtaining in England.)

(Among other countries, France, Italy and Germany have adopted the Cabinet or parliamentary types of government which, though modelled on the British type, are modified in their cases, in certain respects, from the British. In Germany and in Italy it has failed giving rise to 'dictatorships' or autocratic executive governments.)

(Responsible government (or the cabinet or parliamentary type of government) is being introduced in India. At the present moment responsible government or ministerial responsibility to the legislature exists partially in India. Only in the provinces and that merely in relation to the transferred subjects has responsibility of the ministers to the legislatures for their administration been enjoined and secured. There is no responsible government at the centre, nor in the provinces for the administration of reserved subjects.)

(b) Presidential Government

In contrast to the British cabinet government we have the American system of government known as presidential government.

(The presidential form of government is government by a single executive, the President of the Republic)

(It has two fundamental features which distinguish it from the cabinet government. One of these features is the freedom of the President from control by the American legislature, the Congress (i.e., the executive is not under the control of the legislature unlike the British system). Hence the government is known as the presidential type of government. The other feature is the

freedom of the Congress from the control of the executive. Hence the government is also sometimes described as 'congressional government'.

(In the American system of government there is thus a complete separation of powers and functions.)*

✓ (The President is not a member of the legislature and, unlike the British Cabinet, is independent of it. The ministers who administer the State departments are appointed by the President and are his subordinates. They are neither members of the legislature, nor subject to it. (The executive head, e.g., the President of the United States of America is elected to his office directly by the American citizens to whom alone he is supposed to be responsible.) He is politically irresponsible to the legislature, although he may be impeached for certain crimes and, if convicted, removed from office.)

2. Unitary and Federal Government

Where the principle of classification is *the concentration or distribution of power* governments are classified into (a) *unitary* and (b) *federal*.

(a) Unitary Government

(A government is called unitary when all governmental powers "are concentrated in one supreme organ or organs located at one common centre.")

(Unitary government implies single government and centralised government.)

(There may be local governments but all such governments derive their authority from the central government)

* The American judiciary is independent of both the executive and the legislature as these latter are, within their spheres, independent. Their respective powers are derived from the American constitution.

which is the only government. The powers which the local governments enjoy are merely delegated to them by the central government. The British Government is a unitary government, whose seat is at Westminster and the country and borough governments are nothing more than the agents of Westminster.)

(b) **Federal Government** R.C.

(Federal government, as distinguished from unitary government, is a system in which the field of administration is divided and the powers distributed by the constitution between a government at the centre and the governments of the units which compose the federation.)

By this division each government is made independent and supreme within its own jurisdiction.)

(Federal government is dual government as distinguished from unitary government. The citizen of New York is subject to the government of the state of New York in 'state' affairs. He is also subject to the government of the U. S. A. in 'federal' affairs.)

Also, federal government implies local self-government as opposed to centralised government.)

(Federal government is not,) as is often erroneously supposed, (the central government alone.) It is a system composed of both the central and local governments.

The local governments in this system are independent of the central or federal government. Their respective powers are strictly defined by the constitution and separated.

(The distinguishing marks of the federal system are :

"(1) the existence of a number of political communities (states, provinces or territories) possessing

of right their own constitutions and forms of government, supreme within their own jurisdiction and

- (2) *a common constitution and government for the direct administration of matters of common concern to all."*

The most conspicuous example of federal government is the government of the United States of America. There the seat of the central or the federal government is at Washington. But the 48 states which have formed themselves into the great United States of America for purposes of common interest (*e.g.*, defence, currency, foreign trade, etc.) have also their own 'state' or local governments which exercise powers not surrendered to the federal government.

During the last fifty years there has been a vast extension of the federal principle. Besides the comparatively old federations of the U. S. A. and Switzerland, Canada, Australia, most republics in Central and South America and republican Germany have set up federal governments.

In India also the new constitution will provide for a federal Government in the place of the present unitary and centralised government.

The Indian Federation

In India the federal system, composed of the Indian states and the British Indian provinces, is the only possible solution of our problems of government because of the following reasons :

- (1) Federation is the only means of uniting the Indian princes and the British Indian provinces into one nation under one national government without extinguishing

their separate administrations, legislature and local patriotisms. The princes desire union without unity with British India.

(2) A vast country like India can be properly developed and efficiently administered in accordance with modern ideas only by a federal system of government.)

(3) A federal government for India is the condition precedent to the establishment of responsible government in India.

(4) Federal government implies self-government or autonomy for the units. Provincial autonomy or self-government will generally secure better administration of local affairs. Self-government will stimulate the interest of the people in the management of their own affairs and will also be an education for the citizen.

India, at the Round Table Conferences, wanted both a federal government and a responsible government such as they have in Canada and Australia. India is not going to have the full responsible government she demanded. She is going to have a federal government in the place of her present centralized unitary government. The new federal government, as proposed, is not likely to be much less despotic or irresponsible than the present Indian government.)

The type of federal government, recommended for India, does not inspire one with much confidence about its ultimate success.

The success of federal government depends on the member states being as far as possible equal in status and rights—equal in wealth, population, education, social and

political status. The members of the Indian federation are very much unlike and dissimilar in these respects. Two consequences might follow from this. It might end in the domination of the progressive and the powerful British Indian provinces over the rest or the backward Indian states might act as a drag and might hinder our social, economic, and political progress.

Unitary and Federal Governments compared

Unitary government is comparatively simple and easy to operate. It engenders a strong national feeling and establishes a uniform system of law and administration over the whole country. But it is unsuitable to big states because of the difficulties of governing from a distant centre. It is also inapplicable to countries where side by side with national feeling there are strong local patriotisms as also where we have a number of states desiring union but not unity.

The merits of the federal system of government have been enumerated in the discussion of the question of the Indian Federation.

The faults of the federal government as compared with the unitary government are given by Bryce as follows : (1) weakness in the conduct of foreign affairs, (2) weakness in home government, (3) comparative instability because of the possibility of its dissolution by the secession or revolt of states, (4) legislative and administrative chaos and difficulties, (5) trouble, expense and delay due to its being a double government.

Summary.

Governments have been classified into (1) *monarchy*, (2) *aristocracy* and (3) *democracy*.

Democracy may be (a) *pure* or *direct* and (b) *representative* or *indirect*. Representative democracy or representative government is under modern conditions the best form of government.

Other and more modern classifications are (I) (a) *cabinet* and (b) *presidential* and (II) (a) *unitary* and (b) *federal governments*.

Questions.

1. What is a monarchy? What is a constitutional monarchy?
2. Distinguish between (a) federal and unitary and (b) cabinet and presidential forms of government.
3. In what sense is it true to say that representative government is the best form of government? (C. U. 1934).
4. To what extent have (a) representative government and (b) responsible government been introduced in India? (C. U. 1934).

CHAPTER XV

DEMOCRATIC OR POPULAR GOVERNMENT

We have already referred to democracy in our discussion of the forms of government. It is desirable, however, to look a little more closely into its nature because among the forms of government democracy is the most dominant one at the present day. As we are already aware, *under the democratic or popular form of government the people (or as in most of the democratic countries of to-day, a majority of them) have a share, direct or indirect, in the government.* Direct democracy, we have seen, is not practicable in modern times, so it is to representative democracy that we refer when we speak of popular government.

Democratic Government

(Democratic government may also be called *responsible government** because, under this form, *the government is*

* The Government of Great Britain is an instance of responsible government since the British Government is responsible to the legislature.

The Government of India is an instance of irresponsible government since the government is not responsible to the Indian legislature.

The Government of an Indian province (e.g., Bengal) is partly responsible and partly irresponsible. It belongs to a separate category and is an instance of dyarchy. For details the student is referred to the relevant chapter in Book II (British Administration in India).

The phrase '*responsible government*' is commonly used in this restricted sense. It then denotes the responsibility of the executive government to the legislature and stands for mere parliamentary government such as we have for instance, in Britain and France.

ultimately responsible to the people who, generally, through their representatives in Parliament choose this government and can remove it.)

Its Basic Principle

(*Popular government rests on the principle that every honest adult citizen is as much qualified as any other to take part in the business of government.*) It rests "on the confidence in the self-governing capacity of the great masses of the people and in the ability of the average man to select rulers who will govern in the interests of society." Abraham Lincoln paid a tribute to the *innate* common sense of man when he said, "It is possible to fool some people for all the time and all the people for some time but it is not possible to fool all the people for all time." The same great man conceived *popular government* as the government of the people, for the people and by the people.

Merits of Popular Government

(a) *Popular or democratic government is ideally the best form of government because it recognises no privileged class and puts all on a footing of political equality.*)

(b) ("Popular government is the only form of government in which responsibility to the governed can be effectively enforced.")

(c) Popular government secures in a greater measure than any other the welfare of the community because, as Mill said, (i) "the rights and interests of the individual can only be safe-guarded when he is able to stand up for them himself." (ii) There is a great degree of general

prosperity which is more widely diffused as more and more people take part in the government.)

(d) *(Popular government is educative. It elevates the character and develops the political intelligence of the masses.)*

As Lord Bryce said, "the manhood of the individual is dignified by his political emancipation and the individual is lifted to a higher plane by the sense of responsibility which democratic or popular government throws upon him."

(e) *Democracy rests on the consent of the governed and is based on equality for all. The governed have, therefore, generally no grievances against a popular or democratic government. Or, if they have any, the redress is easy and can be had by peaceful and constitutional means.) As such it is free from revolutionary disturbances which threaten other forms of government in which the people have no share.*

(f) *(Lastly, democracy is the best school for an active, healthy and intelligent citizenship. The people have much greater opportunities to learn the business of government in the training ground of democracy than elsewhere.) The people take practical lessons in government—they learn as all men learn by making mistakes and by profiting by them.*

Criticism of Popular Government

~~the~~ Democracy, being the rule by a mere numerical majority, attaches more importance to quantity than to quality. Popular government has been criticised by Lecky as *'the government of the poorest, the most ignorant, the most incapable, who are necessarily the most numerous.'*

(b) *It rests upon the false theory that every man is equal to every other man so far as capacity to participate in government is concerned. It also minimises the need of training and efficiency in the business of government.)*

(c) *In a democracy the government being responsible to all the people is practically responsible to none.)*

(d) *Democratic government has also been criticised as wasteful and extravagant, as motives of economy are generally absent when the funds belong to an indeterminate public.)*

(e) *Democracy is also unable to ensure continuity of policy in government. There is no security, nor, as Lord Brougham has observed, is there a steady and consistent policy in foreign or domestic affairs.)*

(f) *Democracy tends to drag society down to a low level of culture.)* Democracy represses individuality and originality and is generally unfavourable to the development of art, science and culture.

(g) *(According to some writers, e.g., Maine and Lecky, "Democracy insures neither better government nor greater liberty.")*

The chief evils which, according to Lord Bryce, are to be found in a modern popular government are :—(a) *The corrupting influence of money on public life, (b) the tendency to make a trade or profession of politics, (c) wasteful and extravagant administration, (d) the failure to appreciate the value of administrative skill, (e) the party machine and caucus, and (f) the vote-catching legislation and administration.)*

Conclusion

However much one may criticise popular government *(it is impossible to stem the rising tide of democracy in the modern age. It has been introduced more or less into*

every civilised country of the world and even such a hostile critic as Lecky admits that it is likely to remain the dominant form for a long time to come. There is no doubt that democracy is a very delicate instrument which needs, for proper functioning, much vigilance and a great sense of responsibility in the people. Many of the arguments against democracy are, however, based upon conjecture rather than upon facts. The working of democracy in America and in some of the European countries has no doubt made apparent a few inherent defects but at the same time it has falsified the worst fears of the critics of democracy.)

Freedom and responsibility in a democracy

The success* of popular government is dependent on the freedom enjoyed and responsibility shouldered by the citizens. It mostly depends upon the people, who should not only be politically intelligent but should also feel an interest in public affairs. They should be responsible in their public conduct and should be imbued with the true democratic spirit.

Summary.

Democratic or popular government is *the government of the people, for the people and by the people.*

The merits claimed for popular government are many—

* The essential conditions of success of popular government have been enumerated by Willoughby and Rogers as follows :— (1) the existence of honest public opinion, (2) this public opinion shall be intelligent and well disposed, (3) means shall exist for giving to it definite expression, (4) a constitutional device shall be created for making this public opinion effective in controlling those in authority, (5) an effective administrative machinery shall be established and maintained.

(a) It is ideally the best, (b) it is the only form of government in which responsibility can be enforced, (c) it secures greater good, (d) it elevates character and develops political intelligence, (e) as it rests on consent it is free from revolutions, and (f) lastly, it is the best school for citizenship.

Democratic government has been criticised as (a) the government of the most incapable, (b) corrupt and irresponsible, (c) wasteful and extravagant, (d) insecure and unstable and as (e) repressing individuality. '*Democracy insures neither better government nor greater liberty.*'—*Lecky*.

In spite of critics, democracy has come to stay. It is impossible to stem the rising tide of democracy.

Democracy is a delicate instrument of government requiring for its success much vigilance and a great sense of responsibility in the people. In a democracy, freedom must, therefore, be combined with responsibility.

Questions.

1. What do you understand by responsible government? (C. U. 1926).
2. Define Democracy Describe briefly the process of law-making in a democracy. (C. U. 1927).
3. Point out the merits and demerits of a representative democracy. (C. U. 1928).
4. Indicate briefly the merits and demerits of popular government. (C. U. 1931).
5. What do you mean by responsible government? Are the Governments of Bengal and of India instances of responsible Government? (C. U. 1931).
6. What is popular government? Mention the essentials of such a form of government. (C. U. 1932).

CHAPTER XVI

PUBLIC OPINION

Meaning of Popular Control

(Popular government is to be judged by two standards, namely, (1) the extent to which the entire body of people take part in the government of themselves, e.g., through the right of vote and the eligibility for holding office, and (2) the actual influence which the voters are able to exercise over the government. Popular government is thus a matter of quality rather than of form. Its test is how far the government is amenable to public opinion.)*

What is public opinion?

{“Opinion cannot be held to be public unless it is substantially shared by the dominant portion of the community. This does not mean that all persons must think alike but that upon fundamentals they are in

** Popular government may exist even under a monarchy as in Britain and an autocracy (e.g., the Nazi autocracy) can be set up under a formal democracy as in Germany. In fact, we have a more real democracy under the merely formal British monarchy than in most parts of the civilised world. The essence of popular government lies not in forms but in the actual control of affairs by public opinion.*

If people be indifferent or incompetent they may fail to exercise effective popular control. The power and control may then be in the hands of a few men who may be good but are mostly self-seeking. The result would be inefficiency and dishonesty in administration. Life would not be worth living in such a state. The danger of oppression and tyranny is always present and it is only by eternal vigilance on the part of the people that popular liberty is secure. The necessity of civic education is, therefore, as great as it is urgent. The people must be made to realise that it is by their efforts that the public good is to be secured.

agreement ; though differing upon non-essential matters they are willing to co-operate with regard to the essential.”

(‘If the political mind of the people is to be in a sound condition there should be, after all the party differences, an agreement with reference to the value of the government which is to be maintained and of the national ideals which are to be realised. *The more generally an opinion is held, the more public it can be said to be.* In any community of men, that which has assumed the character of public opinion is the result, not of the opinion of all its members but only of those persons, few or many, who are led to think and to form judgments regarding matters of general interest’—Willoughby and Rogers.

Popular Government and Public Opinion

We have seen that popular government does not necessarily mean that the people will govern directly. On the contrary, in almost every one of the modern democratic countries they exercise their power through their elected representatives. These representatives are kept in touch with the people by *the abstract instrument known as public opinion*. Laws are passed and the country is administered in accordance with this public opinion.)

(*A popular government is thus a government which is subject to the influence of public opinion.* This public opinion must, of course, be, as Lowell says, not a mere passing whim but an enduring opinion of the people.)

(The justification of this control of public opinion lies not in any assumption that the people would always be in the right but in the belief that on the whole it is more likely to be right than the opinion of an individual or a mere group. Also, when it is known that government is

controlled by the people naturally it leads to *greater peace and contentment in the country* and secures *greater obedience to the laws and more sincere and loyal devotion to the state.*)

Agencies for the Growth and Expression of Public Opinion

(The *agencies* which help the growth and expression of effective and intelligent public opinion in a country are mainly (1) educational institutions, (2) the press, (3) platforms, (4) parties, (5) the cinema and the radio.)

(1) Educational institutions

(As the home has given up its responsibility for the training of the child the school has assumed it.)

(It is in the educational institutions, e.g., schools, colleges and universities, that the life of the would-be citizen is moulded. It is here that his mind is trained and he begins to form opinions.) A student may not ordinarily be expected to take any actual part in politics before he finishes his educational career but the future politician is already existing in the mover of a resolution in the college debating society.)

(The ideas, which are inculcated into the mind of the youth at college, work long after the college days are forgotten. From a survey of the social and political tendencies in pre-war Germany and in post-war China it may be seen how far the public opinion in a country can be moulded by its educational institutions.)

(Education is specially necessary for a democracy. Every monarchy and aristocracy realised that the safest way to resist the advance of democracy was to keep people ignorant.)

{To make democracy safe and sound, education must be compulsory and educational opportunities should be available for all.}

(2) *The Press*

{The newspaper press supplies news of public interest. It comments on current events and moulds as well as expresses public opinion with regard to them. It educates us—the education being good or bad according as the press is fair and honest or not.} With the spread of literacy among the masses the number of newspaper readers has vastly increased and so the press to-day has become one of the most powerful factors in the public life of a nation.

{The great influence which the newspapers wield is, however, liable to be misused, when it is exercised in advancing the interests of a group of selfish men. The press in a country should not be dominated by the government because the latter might try to suppress the free expression of opinions about itself. Nor should it be dominated by private individuals seeking selfish ends as is done by certain powerful newspaper combinations in England and the U. S. A.)

{It is the newspaper press that has made democracy possible in large countries.} The voice can now reach larger masses and over much larger distances than before.

{The press has exposed oppression and corruption of rulers, condemned an arbitrary executive, denounced its selfishness and blunders, helped the friends of liberty to rouse the masses.}

{It embodies and focusses public opinion.}

{Without a free press the public would not have won over the forces of tyrannical governments.}

{Its dangers are that it is liable to corruption—because it is not merely an organ of public opinion but a business, seeking money and power. }

(3) *Platforms*

(As the press enlightens the public through the vast amount of newspaper literature which is printed daily, so the platforms stimulate and create public interest in great political questions through speeches delivered by men in the forefront of public life. These speakers from the platform educate the public about important matters at home and abroad and help the growth of public opinion with regard to them.)

(4) *Parties*

(Parties help the growth of public opinion to a large extent. It is party propaganda more than anything else which brings important public questions within the knowledge of the average citizen, who, if left to himself, would scarcely find either time or energy to devote to anything except his own private affairs. (Parties help to create public interest without which there can be no public opinion)

(5) *The Radio and the Cinema*

(Education and training of public opinion as also its expression are done also through the *radio* and the *cinema*.)

(The potentialities of the radio and the cinema are greater and the influence of the school and the newspapers is less in a country like India where the mass of the people cannot read or write but can understand both the spoken word and what they see.)

Their Limitations and Dangers of Abuse

The strength or the influence of agencies which mould public opinion has been fully discussed above. But these agencies have their limitations.

(The power which the schools, the newspapers, the public speakers on the platforms, the political parties, the radio or the cinemas enjoy in moulding or influencing public opinion to-day may be abused and is actually abused in some modern communities to promote class or sectional interest.) It may be that one party or group or class secures control over these powerful instruments of public opinion. It then presents the public with only one side of the case, its own case, carefully suppressing from us what the others have got to say in reply. Presentation of the case being one-sided, the judgment or opinion is also likely to be one-sided. Unless we have both sides of the case fairly and honestly presented to us, we cannot give reasoned and intelligent judgment on public issues. This lack of judgment or lack of true public opinion leads to great political and economic evils in the state.

Summary.

Public opinion is the opinion that is substantially shared by the dominant part of the community.

A popular government is one which is controlled by public opinion.

Public opinion grows and is expressed through (1) Educational institutions, (2) the Press, (3) Platforms, (4) Parties, (5) the Radio and the Cinema.

Questions.

1. What is meant by public opinion? How does public opinion influence popular government? (C. U. 1929).
2. Explain the nature of public opinion. How does public opinion influence the legislation? (C. U. 1930).
3. Indicate the part played by the parties and the press in the formation of public opinion.
4. What are the chief agencies that mould public opinion in modern times? Discuss the strength and limitations of these agencies. (C. U. 1934).

CHAPTER XVII

PARTIES, PARTY GOVERNMENT AND THE PARTY SYSTEM

What is a party?

{ A party is a body of individuals holding similar views on the leading political questions of the day united together to secure the adoption and the maintenance of those views in the conduct of government. }

How parties are formed

“In every community there must needs be diversities of view regarding public matters. Leading men become the exponents of opposed views. Other men fall in behind them, professing agreement. To gather adherents and to make their views prevail they combine and organise.” (Bryce). This is how parties are formed.)

In every country where popular government has been introduced the party system has made its appearance.

Party distinguished from mere faction^{*}

{ ‘Party is a body of men united, for promoting by their joint endeavours the national interest, upon some particular principle in which they are all agreed.’—Burke. }

{ A party is a free and voluntary organisation of voters for the attainment of common ends. }

{ A faction, on the other hand, is a group of men, generally a loose group, neither united by any high principle nor by any regard for the national interest but }

acting together for the furtherance of their own selfish good. *A faction is also known as a clique or a coterie.*)

The Functions of Political Parties *Read carefully.*

(The primary purpose of political parties is to win in the contest for political power and office.) For that organisation is necessary. (The party organisation performs certain tasks in order to achieve its purpose. These are set out below.

- (1) (*Policies* for which the party stands are formulated and are given the widest publicity through propaganda.)
- (2) (*Political propaganda*, which is particularly energetic before elections, is done all through the year principally by public speeches and through the press) for enlisting the support of the people to the party.
- (3) (*Party candidates* for public offices are chosen and members of the party as also others are urged to vote for them.)
- (4) (*Election campaigns* are conducted for the purpose of securing for the party office and power.) In these elections every effort is made to persuade voters that they are to vote for the party because its policy and candidates are better than its rival's.
- (5) (*After the elections* the party is to endeavour to secure the fulfilment of its promises to the voters. Often, however, once the party gets a majority, it conveniently forgets its promises) and is more interested in maintaining itself

in power and office than in the carrying out of its promises.

Party Government

(Each party is most anxious to have a majority in the legislature because the party with a majority will wield the governing power. The minority will then form the opposition to the majority government. If the minority is able to convert itself into a majority by the accession of fresh strength then the new majority will form the government and will enjoy governmental powers. The old majority, being reduced to a minority, will now form the opposition. This kind of government is known as *party government*.)

(*The basis of party government, in fact the very basis of democracy, is that the majority must be free to override the minority.*)

(It may, when misused, amount to a tyranny over the minority but when employed with moderation and fairness it is the best government we have yet been able to devise for large areas and populations.)

Multiple parties and the two-party system

(If in a country, such as France or Germany, there are three or more political parties it is said to have multiple parties. A large number of parties means much internal strife and disunion among the people and is likely to hamper the nation's progress. Governments in such countries are formed by a temporary coalition of parties, by a patched up unity which may be broken up any moment and cannot, by their very nature, be bold and strong. The party which aspires to power has to offer 'bribes' to the smaller parties for their support.) The multiple party system leads to very considerable political evils, not the least of which are its instability, its weakness and inefficiency, political jolbery and corruption.

(Our experience is that the best and the soundest political system is that in which there are only two well-organised and opposing political parties such as Britain had until recently. In such a system the majority party has the power of government and the minority is in opposition. The one acts as a check on the other. The single party being secure in power makes for stable government and can act more quickly and with greater vigour and strength than a coalition government. It must also proceed with extreme caution for fear that its opponents will make much capital out of its errors and the voters will turn against it.) The oppositionists also cannot indulge in irresponsible criticism because their views will have to be acted upon when they have the majority and the power.

(Thus is responsibility enforced. The two-party system thus generally makes for not only stabler government but also for greater strength and efficiency, greater honesty and responsibility.)

Merits of the Party System *Read carefully.*

(1) In a large community, party becomes a necessity. *If parties did not exist most of the citizens would remain ignorant of current political questions.*) It is mainly through an organisation like that of a party that the average citizen can get himself acquainted with the various aspects of a political problem and its solution.

(Particularly, *the election campaign becomes primarily an educative campaign.*) The voter, who is called upon to vote for a candidate belonging to one party in preference to a candidate of another party, will have to be convinced by the party seeking his vote that their policy is truly in the best interests of the community.

(2) *The party system forces even the apathetic citizen to take some part in public affairs by inducing him to exercise his right of vote.*)

(3) *The organisation of parties is essential for a somewhat stable government under a democratic system. No*

government can be stable unless it is sure of the general support of a majority in the legislature.) If there is no organised party to back it in the legislature a government will be weak since it will always be in an uncertainty about the attitude of the legislature which ultimately controls the government in most democratic countries.

{ If the citizens cannot sink their minor differences and form alliances on the basis of agreement on major problems, democracy would be reduced to a chaos of warring opinions. }

(A) *The existence of parties checks the growth of despotism.* The fear of criticism by the party in opposition always keeps the party in power (the government) in check.)

Demerits

(1) *(The party system engenders what is known as the party spirit which becomes sometimes the source of great evils. It is not unusual that the principles on which a party was originally founded are totally forgotten. Then the party becomes an end instead of being only a means.)* Its adherents fight to win a victory not for any principle but for the party. It is not unoften that "allegiance to the party replaces loyalty to the nation."

(2) *(The party system destroys individuality in two ways. Firstly, it tends to make men put reliance more and more on party labels) "Measures are judged not on their merits but according to the quarter they proceed from." (Secondly, a man who is an important member of a party is not allowed, under the rules of party*

discipline, to hold and express an opinion in opposition to the principles and commitments of the party.)

(3) *The party system may lead to great evils, as in the United States of America, where a party becomes a clique or a caucus led and controlled by a few big men who are guided by selfish motives and do things as they like.*

(4) *The party system is responsible for the exclusion of some of the best men from the important state offices. These offices, regarded as party prizes, are open only to those persons who will subject themselves in all matters to the discipline of the party.) The best men even within the party may not agree to the enslavement of their conscience.*

Also, *(the best men of the party in opposition are excluded because the offices are filled solely from among the members of the party in power.)*

(5) *Under the party system the people are unduly flattered for the purpose of capturing votes. This results sometimes in what is known as vote-catching legislation which is not always conceived in the best interests of the community.)*

The Citizen and the Party

(The evils of party government are likely to cause bitter disillusionment as to the working of modern democracies. If all men took a keen interest in public affairs and studied them carefully these evils would have been reduced to a minimum.) (The evils of party government are to be traced in the main to popular apathy and the best method of avoiding the evils lies in arousing a

greater sense of responsibility in the citizen. If democracy is to be rescued it must be through the honest and disinterested service of the ordinary citizen who must display more commonsense and responsibility than before.

Summary.

A party is a body of individuals, holding similar views on the leading public questions of the day, united to secure the adoption and furtherance of those views by the community at large.

Parties have come to be regarded as essential to popular government.

The merits of the party-system are : (a) it is a great educative force, (b) it stimulates interest in public affairs, (c) it generally secures stability in democratic government, (d) it checks arbitrary government.

The demerits are : (a) it engenders party spirit, (b) it destroys individuality, (c) it may lead to caucus rule, (d) it excludes some of our best men from public offices, and (e) it unduly flatters people for votes.

The evils of party government may be avoided by arousing a greater sense of responsibility in the citizen.

Questions.

1. Define a political party. Is party essential to the success of popular government?
2. Indicate the advantages and disadvantages of the party system. (C. U. 1926).
3. Distinguish between a faction and a political party. What are the merits and defects of the party system? (C. U. 1932).

CHAPTER XVIII

THE ELECTORATE

We have already seen that (one of the most important rights of the modern citizen is the *franchise* or the *right to vote*.)

(Its importance is the greater in modern representative governments because to-day the citizen has not only to make a choice between rival issues or measures but also a choice between rival persons and parties for the privilege of speaking and acting for him in public affairs.)

(As soon as a state becomes unwieldy in area and population, direct participation by citizens in the government becomes impossible. Pure or Direct Democracy then gives place to Representative or Indirect Democracy. The citizens in the latter choose representatives and officials who would carry on the government on their behalf.)

(The exercise of this choice by the citizens as a body is called *election*, the particular act of choice is *voting*, the citizens who choose are the *voters* or *electors* and, collectively, they form the *electorate*.)

(Voting may have *two objects*: (a) to choose persons who would hold public offices and (b) to express approval or disapproval of public measures.)

(The duty of making the right choice, or the electoral function is the essence and the very foundation of representative government or modern democracy.)

The Modern State and the Electorate

The modern state derives its strength and permanence from its democratic character. Democratic government implies both

(1) *Civil liberty* which broadly means that all are equal before the law, and

(2) *Political liberty* which means that every one has a share in government.

In a perfect democracy not only all are equal before the law but all have an equal share in government. Such a perfect state of equality exists nowhere.) Yet in almost every modern state the government is subject to the control of the people however imperfect the control may be.

Popular Control and the Electorate

(Popular control over the government is determined not only by the size of the electorate but also by the nature of the control exercised by the electorate over the government.)

The size of the electorate

The greater the size, or the more largely the people have the vote, the more there is of popular control. (The size of the electorate depends on various factors,—age, sex, citizenship, residence, property, education and moral qualifications.

In no state the franchise or the right to vote has been given to all persons. For instance, the right to vote has been withheld from *minors, lunatics and criminals* because they cannot make proper and intelligent use of it. But several other people who are quite deserving have not got the franchise. In order to make popular or democratic

government real the tendency in all progressive states is to enlarge the size of the electorate by extending the franchise.)

Our next question would, therefore, be, how far should the size of the electorate be extended or what is the true basis of franchise in a modern democracy?

The true basis of franchise

(One of the most difficult problems of democracy is to find out the true basis of franchise.

One school of thinkers which included *Rousseau* and many other French political thinkers of the eighteenth century held that since sovereignty resided in the people *it was the inherent right of every citizen to have the vote.*

A second school including, among others, *John Stuart Mill*, *Lecky*, *Maine* and *Bluntschli* held that the franchise was not an inherent right of the citizen. Rather, *it was a privilege which should be enjoyed only by those who had the capacity to use it in a manner conducive to the good of the community.*)

It will be seen that in actual practice even the (advocates of universal suffrage had to admit the necessity of some restrictions. For instance, minors and lunatics are excluded and so are the aliens. Conviction for a crime may also be regarded as a reasonable cause for disqualification. But these are restrictions in which even the advocates of universal suffrage readily acquiesce. The advocates of restricted suffrage, however, want something more. They want proof of capacity before suffrage is allowed. Educational and property qualifications have been suggested as tests of capacity.)

[*Mill* regarded "it as wholly inadmissible that any person should participate in the suffrage without being able to read and write . . . and, perform the common operations of arithmetic." As a safeguard against public extravagance *Mill* also held that tax-paying was a necessary qualification because, "those who pay no taxes, disposing by their votes of other people's money, have every motive to be lavish and none to economise."]

Lecky and *Maine* thought that a large extension of the suffrage was fraught with danger because according to them it was giving power to the unenlightened and ignorant masses.

They predicted dark things of democracy. But though the suffrage has rapidly extended in Europe and America their prophecy has not come true.

Universal adult suffrage has been adopted in America and in some European countries where educational and property tests have been abolished. *The tendency everywhere is towards universal adult suffrage.*

It is not to be understood, however, that people no longer think that political power should be accompanied by the capacity to wield it intelligently. *The fact is that in most of the advanced democratic countries of the world to-day education is almost universal.* It is considered to be one of the primary duties of the state to educate its citizens. Mill held that where education was a test of the capacity for suffrage it was the duty of government to impart education.

As regards the property test the view point is altogether changed now. *The socialistic tendencies of the modern times do not allow the economic position of the masses to stand in the way of their political emancipation.*

It seems that *the true basis of franchise to-day is a well-developed manhood or womanhood*, though there must always be certain restrictions. Further, it should be remembered that though adult suffrage may be the legitimate goal, *progress will always depend upon the capacity of men and women to exercise their right in an intelligent manner.* It is, therefore, not merely an extension of the suffrage but a continual increase in the totality of human intelligence and sagacity that will determine the success of democracy.)

Adult Suffrage

(The tendency in all modern democracies is to extend the *suffrage or the right to vote* to the entire adult population of the country. Adult suffrage is regarded as the basis of democratic government.)

Merits

(Only when all adults have the vote political equality is secured and there is real representation of the people as a whole. The representation of the people under adult suffrage is also fair and impartial because it does away with special representation..

Adult suffrage lays the foundation of sound political life by fostering the growth of parties, united by common political and economic objects and formed on the basis of national interests and not on sectional or communal interests.)

Objections

(The objections to the idea of everybody having the vote came mostly from Lecky and Maine. Adult suffrage to them was unwise and dangerous. Lecky asked, 'Whether the world should be governed by its ignorance or by its intelligence?' He considered it to be one of the queer follies of mankind to regard adult suffrage as liberal and progressive when its effect would be to place the government in the hands of the least able and the least intelligent.)

Conclusion

Adult or practically universal suffrage has triumphed in the 20th century its critics notwithstanding.

All the same there is the danger of mis-government if the voters are ignorant or indifferent.

. We should, therefore, do well to heed the caution of John Stuart Mill that *universal education must precede universal franchise* remembering at the same time that it is the duty of the state to provide for universal education of the people.)

Manhood suffrage and Adult suffrage in India

(*Manhood suffrage* means suffrage for all adult men and does not include women. Manhood suffrage is thus a limited ideal. The *modern ideal* is *adult suffrage* or *universal suffrage* which includes all adult men and women.

Adult suffrage has been claimed by the nationalists in India because of its many merits. But the claim has been dismissed by the Franchise Committee because of the purdah and the huge numbers involved among whom there is appalling ignorance and illiteracy. There are also political and administrative difficulties.

Only 8 per cent are literate and the mass can neither read books nor newspapers and have to depend for knowledge on what they can gather in talks with neighbours who are also mostly

illiterate. It has, therefore, been considered unwise to give the vote to all adults in India—most of whom are ryots in the villages and cannot obtain information upon public questions beyond their district and the most and as such cannot cast intelligent votes.

The average Indian is fairly shrewd and his illiteracy is no test of his wisdom, character and political ability. Specially in the days of the radio and the cinema his illiteracy is a lesser impediment than it was before.

If adult franchise is withheld on the ground of illiteracy in India, it should be the duty of the government to prepare the people for the vote by providing for universal primary education. Until mass illiteracy can be removed the political leaders and the parties should be allowed to instruct and inform the public by speaking to them direct through the radio. A loud-speaker receiving set should be installed in every village. Political parties, which are practically non-existent in India with only one important exception, if properly developed would help the political education of the people and secure for them the franchise by their propaganda through books and newspapers, meetings and demonstrations, cinema and radio.)

Women's Suffrage

(The opposition to the suffrage of women was based on the fear that the entry of women into politics would unsex them and would destroy the peace and happiness of the home. It was also said that society would suffer from ill-kept homes.

The opposition has almost died out. The arguments in favour of women's suffrage are that (1) the right to vote is to be won by moral and intellectual fitness and sex should be no bar, (2) the vote is necessary for the woman for her protection and (3) the woman voter would introduce a purifying and ennobling influence in politics. *'The worst that can be said,'* said Mill, *'is that they would vote as mere dependents at the bidding of their male relations. If it be so, let it be. If they think for themselves great good will be done, and if they do not, no harm.'*)

Modes of Election

Much also depends on the modes of election—whether election should be direct or indirect, whether voting should be secret or public?

Direct versus Indirect Election

Election may be direct or indirect. (In a direct election the representatives are chosen immediately by the general body of voters. In an indirect election, the general mass of voters choose from among themselves a small group of electors to elect on behalf of the general body the representatives. The indirect mode of election limits the influence and power of the voter.)

(The chief argument in favour of indirect election is that we can escape the dangers of universal suffrage and the evils of mob rule by limiting the ultimate choice to the abler and the more responsible persons. Indirect election has been tried in the U. S. A. and France among other countries and has been generally abandoned in favour of direct election. The intervention of the middle man has been the source of much political mischief and corruption. It is interesting to note that the Soviet Government of Russia is based on a system of indirect elections. The merits of the direct election are that it stimulates the interest of the voter in public affairs, it enhances his sense of responsibility and furnishes him with an opportunity for political education. Against direct election it may be said that the mass of voters are more likely to be led away by catchwords of crafty politicians and may be at times swept off their feet by the gust of popular passion. The merits of direct election, however, outweigh its demerits and as such should be adopted in every country.)

Secret versus Public Voting

The discussion of this subject is no longer of practical importance because the universal practice is secret voting or voting by *ballot*. (If there is to be free and independent exercise of voting the voter must have a guarantee that he will not be harassed or persecuted because of his vote. This guarantee can only come through the secrecy of his vote—nobody is to know how he has voted.)

(Voting by ballot has prevented, to a large extent, pressure and intimidation which were employed, before the ballot came into vogue, by the government, the landlords and the employers to influence voting.)

(Public voting or voting in open was defended by Treitschke as 'voting is a public responsibility and its exercise should be public' and by J. S. Mill as 'the duty of voting, like any other

public duty, should be done under the eye and criticism of the public.')

✓ **The essentials of a good electoral system**

(Among the essentials of a good electoral system *the most important one is to provide for an equal, secret, direct and universal vote.* This is the very basis of a good electoral system.)

(Other essentials include *the education of the electors in public affairs, effective control of the electors in public administration and legislation and purity in elections.*)

(The state should adopt every possible measure to prevent fraudulent and corrupt practices in elections but purity in elections is very difficult to attain. Its attainment depends no less on the citizen than on the state.)

'Human wisdom has not yet been able to devise the ideal electoral system which incorporates all these essentials yet it should be the constant endeavour of every community to get as near the ideal as it can.

✓ **The Electoral Procedure**

There are several stages in the electoral procedure.

At first the names of the voters are registered in the electoral register. It is the duty of every one qualified to vote to see that his name is entered in the list of voters, otherwise he cannot vote.

The candidates who seek election as representatives are then required to submit their nomination papers which are scrutinised by the Returning Officers to see if these are in order. The date of election, the names of the candidates and the polling booths where the votes are to be recorded are then announced to the public. On the day and at the hour of election or polling the voters go to the polling booths which are in charge of polling officers to record their votes in the ballot box kept in a screened place.

Then follows the counting and the declaration of the result by the Returning Officer. If there has been any undue influence

or pressure or any corrupt practice in election the aggrieved candidate, on adducing satisfactory proof, can have the election set aside and new elections will be held when the whole process has to be gone through again.

PROBLEMS OF THE ELECTORATE

Among the problems of the electorate the two most important are

- ✓(a) *the problem of the effective control of the electorate in public affairs and*
- ✓(b) *the problems of representation.*

A. *The Control of the Electorate.*

(The size or extent of the electorate is only a superficial test of democracy. If the electorate exercises only small powers and that at irregular and infrequent intervals real authority is not in the hands of the people and popular government or the control by the electorate becomes a sham.)

(Democratic government can be genuine only where the electorate controls the government extensively and also constantly.)

(The control of the electorate may be direct or indirect. This indirect control may be exercised by an alert and vigilant public opinion) exerting its pressure and influence on the government through public meetings, and demonstrations, newspapers and political parties.

(Disappointed by the failure of these indirect checks on government the people, in some of the most modern democracies, such as republican Germany, insisted on retaining in their own hands direct *ultimate* popular control. *

(The direct control of the electorate lies in (1) Frequent Elections, (2) the Recall, (3) the Referendum and (4) the Initiative.)

1. Frequent Elections

(Where elections are held at short intervals the chances of a legislature becoming despotic and contemptuous of public opinion are almost nil.)

2. The Recall

(In some countries there is a system of recall by which a representative who goes against the wishes or the mandate of his electors may be recalled. The recall is the weapon of the electorate to remove any official or any representative whom they have elected.)

3. The Referendum

(Where the referendum is in vogue, important measures are referred to the whole people and only such of these may become laws of the land as receive the assent of the people or of a majority of them.)

4. The Initiative

(By the initiative, a certain number of voters may require the legislature to take into consideration any particular measure and submit it to popular vote.)

B. Problems of Representation.

(Among the problems of the electorate are the problems of representation—*representation of minorities* and *representation of special interests*.)

Representation of minorities

(Mill severely criticised 'the government of the whole people by a mere majority of the people' as unjust and undemocratic and declared that 'it is an essential part

of democracy that minorities should be adequately represented.')

(He admitted that in a democracy the majority must rule and the minority must obey but he insisted that the minority should be represented and that in proportion to its numbers. He was thus an advocate of proportional representation. The proportional representation system is meant to remove this sense of grievance on the part of the minorities and is in vogue in France, Germany and many other European countries where it is being experimented with. The system of proportional representation has been condemned both on principle and on grounds of practical difficulties.

Against the possible tyranny of the majority, the minorities have safeguards in the system of federal government and local self-government.)

The League of Nations' Protection of Minorities

(A solution of the problem of minorities has been attempted by the League of Nations. The League's scheme of protection of minorities includes *equality before law, political equality, the right to the protection of their own religion, language and culture, and the right to an equitable share in all public grants for educational, religious and charitable purposes.*)

The Communal Problem in India

The communal problem of India is primarily the Hindu-Muslim problem. Other communities have, however, latterly taken up an aggressive attitude and have demanded special rights and privileges. The Sikhs in the Punjab are an important and well-knit minority community which cannot be ignored.

The Muslim demands mainly relate to the question of representation (electorates and seats), the separation of Sind and reforms in the N. W. F. Province, also an adequate share of the services. The three latter have already been agreed to. *

Communal Representation

(As regards the question of representation it is admitted that minorities should have proper and adequate representation. *The dispute is mainly over the method of election; whether the communities should be separately represented through separate electorates or whether they should be jointly represented through joint electorates.*

Communal representation (e.g., separate representation of Muhammadans or Europeans as a community based on race or religion) is bad because it is anti-national. It tends to establish in the midst of a nation a community which would remain permanently estranged from national life.

Also, the problems of modern India are not so much communal as they are social and economic. There is one community of importance—the indescribably poor and ignorant masses of India among whom you would find the Hindu, the Muslim, the Sikh and the Christian. Among them every one is poor, every one is in debt, every one is ignorant.

To solve the problem of poverty or of mass illiteracy in which the Hindu, the Muslim, the Sikh and the Christian, have alike a common interest, the communities should stand together as a nation. They should not stand divided as they are at present into separate compartments. This division makes us weak and inefficient as a nation and is a barrier to mass uplift.

The vicious communal outlook bred by communal representation makes us forget our civic and national duty that the only good and the only interests that we should seek is the good and the interests of India as a whole—not the selfish good of a particular class or community. }

Joint electorates versus separate electorates

As said already the question of communal representation in India is being fought chiefly over the form of electorates, joint or separate. { India can never be a nation until this unnatural Hindu-Muslim feud is forgotten, nor would, as Mr. Brailsford asserts, India be able to reshape her social and economic order until India is a nation. It is for the sake of the masses that the two communities should come to terms. }

Joint electorates with reservation of seats

To assure a suspicious and timid minority Hindu, Muslim or Sikh—the parties should agree to joint electorates composed of voters of all communities with a reservation of seats in the legislatures for the minorities on a population basis. 'Under this arrangement if Muslims are a third of the population and a hundred seats to be filled up, then the thirty three Muslims who receive the highest number of votes among Muslim candidates are elected.' There cannot be less because the seats are reserved but there may be more. The Hindu votes would, however, help to select the more tolerant Muslims as the Muslim votes would help in choosing the more liberal and sympathetic Hindus. In this way the communal tension would be eased and the path paved for the development of Indian nationalism.

This is far from the ideal arrangement because here also you have communal representation.

Separate electorates

Communal Representation is bad enough but separate electorates are worse. Most people now admit that separate electorates which were first introduced in India in 1909 are thoroughly bad and should be done away with. In communal representation through separate electorates, each community votes separately for its own representatives through electorates composed wholly of the voters belonging to it. For instance, in a Muslim separate electorate, none but Muslims can stand or vote for election.¹

*Separate electorates are not only bad for the nation—they are also bad for the minorities who have demanded them.*²

Under separate electorates, the minority community will always be a permanent and helpless minority against a majority community, which will be independent of their votes and who may, if they turn hostile, override the wishes of the minority by sheer force of number.

Also, in separate electorates, the candidates instead of discussing the problems of education, sanitation, agriculture and unemployment would raise the cry of 'the cow in danger' or 'the mosque in danger.'³

To secure the votes of a community based on religion and not on national, political or economic interests, the candidates know well that they have only to take up the pose of the trustiest

defenders of their faith and do little else. Separate electorates thus do incalculable harm and injury not only to the nation but also to the communities themselves.

The representation of special interests

Sometimes special representation is given, as in India, to merchants, manufacturers, landowners and university men.

The representation of special interests is opposed in democratic societies because it is anti-democratic and anti-national.

It may give a privilege of plurality of votes to a voter and may give him an unequal advantage over the commoner. It may also help in the consolidation of interests which will work against the general national interests.

Summary.

One of the most important rights of the citizen is the *franchise* or the *right to vote*.

Popular control over the government is determined not only by the size of the electorate but also by the nature of the control exercised by it.

The size of the electorate depends on various factors—*age, sex, citizenship, residence, property, education and moral qualifications*.

The true basis of franchise to-day is a well-developed manhood or womanhood.

Election may be direct or indirect. Indirect election lessens the dangers of universal suffrage but *direct election stimulates the interest of the voter in public affairs and enhances his sense of responsibility*.

Vote by *ballot*, i.e., secret vote, is essential to the free and independent exercise of the vote.

The essentials of a good electoral system are : (1) an *equal*,

secret, direct and universal vote, (2) an educated and intelligent electorate, and (3) the suppression of corrupt practices at elections.

The control of the electorate over the government may be *direct or indirect*. Indirect control is exercised by an alert and *vigilant public opinion*. Direct control takes the form of (1) *Frequent Elections*, (2) *Recall*, (3) *Referendum* and (4) *Initiative*.

Only when all adults have the vote, political equality is secured and there is real representation of the people as a whole.

The right to vote is to be won by moral and intellectual fitness and *sex should be no bar*.

It is an essential part of democracy that minorities should be properly represented.

The system of joint electorates with reservation of seats is the best solution of the communal problem in India. *Separate electorates are not only bad for the nation but also bad for the minorities themselves.*

Questions.

1. What do you consider to be the true basis of franchise? (C. U. 1926).
2. Is education the sole qualification for citizenship or are other qualifications necessary. If so, what are they? (C. U. 1930).
3. Write a short essay on manhood suffrage, as applicable to India. (C. U. 1933).
4. What is communal representation? Are separate electorates desirable in India?

CHAPTER XIX

LOCAL GOVERNMENT

In every modern state of any considerable size, the whole territory has been divided into small areas with arrangements for the management or the government of their local affairs by the local people. *This is known as local self-government in India* and local government in the West.*

Thus in India we have the municipal councils for the towns and cities and the District Board, the Local Board and the Union Board or the Panchayet for the District, Sub-division and Village respectively.

Likewise, in France the country has for this purpose been ultimately divided into *Communes*, in Germany into City Circle and Rural Communes, in Britain into Countries, Boroughs and Parishes, in America into Counties and Townships.

Local Self-government has a three-fold purpose :

(1) to relieve the central government of a part of its ever growing burden ;

(2) to secure more efficient and convenient management because local people have the best facilities for ascertaining and satisfying the peculiar local needs ;

(3) to enable people to participate directly and

* For details of Local Self-Government in India the reader is referred to the chapter on the subject in British Administration in India.

effectively in their own government. Self-government is thus also an aim.

Local government in England and on the Continent

Local self-government on the Continent is sometimes supposed to be more liberal than it is in England and America because of the larger sphere of action of the former. Local self-government in England and America is, however, more real and in spirit more liberal because, unlike that in France and Germany, it is subject to the minimum of control and supervision of the higher authorities.

Interference in local government—when justified?

In cases of gross mismanagement or in cases of flagrant wrong or in cases of oppression of the minority, the state should intervene and control the working of the local self-governing bodies.

Merits or value of local institutions

The practice of self-government in small areas develops qualities and habits which would be needed by the citizens in the exercise of their duties in a democracy.

Local self-governing institutions are chiefly valuable as agencies for the training of the people in the art of self-government.

(It is not only the best school for democracy—it is also its best guarantee.)

It trains men to work for others and, what is more valuable, to work with others.

It cures from the beginning the laziness and selfishness so common in us and which make us indifferent to what does not affect us directly or immediately. He who is upright, public-spirited and active in the affairs of

the village would be equally so in the large affairs of the state.

The extension of local control and management in local affairs is to be welcomed not simply because it is much better able than a government at a remote centre to meet the special needs of the locality in matters such as roads, water-supply, and conservancy but *mainly because it is a great educative agency.*

'Local assemblies of citizens constitute the strength of free nations. *Town meetings are to liberty what primary schools are to science; they bring it within the people's reach; they teach men how to use and how to enjoy it.* A nation may establish a system of free government but without the spirit of municipal institutions it cannot have the spirit of liberty'. (Quoted of Tocqueville in the Problem of Government by Willoughby and Rogers).

Summary.

Local Government consists in the division of a country into small areas administered locally by the local people.

It (1) relieves the central government of a part of its burden, (2) secures more efficient and convenient management of local affairs and (3) serves as the best training ground for the people in democracy and civic ideals.

Questions.

1. What do you understand by local government? Mention some of the different types of local governing bodies.
2. Indicate the advantages of local government laying stress on its educative aspect.
3. Estimate the value of local institutions as agencies for the training of the people in the art of self-government. Illustrate your answer from the working of those institutions in Bengal. (C. U. 1934).

CHAPTER XX

THE CONSTITUTION OF A STATE

(The constitution* of a state is a collection of rules, *(written or unwritten)*, which determine the powers of the state, who are the persons in whom the powers of the state are vested and how these powers are to be exercised.) *(The constitution has also been defined as a body of laws which lays down the organisation of the government, the distribution of powers among its organs and the principles on which the state is to be governed.)*

It will be evident from the above definition that a knowledge of the constitution of the state is essential for good and intelligent citizenship.

1. Written and Unwritten Constitutions

The older method has been to classify constitutions into (a) *written* and (b) *unwritten*.

(a) Written Constitution

(A *written constitution* is one in which the fundamental laws and principles of the state are reduced into writing in a formal document, e.g., an instrument of government. The constitutions of ~~Germany~~, France, the U. S. A. and of all newly formed states generally, are written.)

(b) Unwritten Constitution

(An *unwritten constitution* is one in which the laws and principles of the constitution are *not recorded* and are,

* 'Constitution is the way of life the state has chosen for itself.'—Aristotle.

therefore, not to be traced to any solemn and authoritative documents like those of a written constitution. *The constitution has to be gathered from various sources—custom, convention, statute and judicial decision.*)

(The above classification has been attacked, and that justly, on the ground that *no constitution is to-day fully written nor is there one entirely unwritten*. Every constitution has a written part as well as an unwritten part.)

So, constitutions are now-a-days more generally classified into :

2. Rigid and Flexible Constitutions

(a) Rigid Constitution

(A *rigid constitution* is one which cannot be altered in the same way as an ordinary law can be altered by the legislature. The constitution of the U. S. A. is a rigid one. If any *revision of the constitution is to be made there is a special procedure* prescribed and that special procedure has to be gone through before any change in the constitution can be brought about. Thus in a rigid constitution there are certain barriers which have got to be overcome before any changes can be effected.)

(Besides being *clear and definite*, a rigid constitution is *stable* and is generally free from the dangers of attacks on it by popular passion or mob frenzy. The danger of a rigid constitution was pointed out by Macaulay who said "*the great cause of revolutions is this : that while nations move onward constitutions stand still.*")

((Stability which has been regarded as an advantage of rigid constitutions may after a certain point turn into a source of danger.) A constitution that is too rigid may

invite breach if it is outgrown by the community for which it is meant.

(b) Flexible Constitution

(A flexible constitution is one which can be *amended by the ordinary process of legislation*. In a country with a flexible constitution no distinction is made between an ordinary law (*e.g.*, a navigation law) and a constitutional law (*e.g.*, the law of succession to the throne). The constitution of Great Britain is of a remarkably flexible type. The constitution of England which is contained in no written document and which has, in the words of Tennyson, "broadened down from precedent to precedent" can be changed and amended just like an ordinary law. No special requirements are prescribed.) We have seen that during the last 10 years (1918-1928) a great political revolution has been achieved in England without any blood-shed.) This is because the constitution of England allows for the political growth of the English people by making it possible for them to amend their constitution as easily as they can amend an ordinary law.

(The *advantages* of the flexible type are its *remarkable elasticity and adaptability*. A flexible constitution can prevent bloody revolutions by meeting them half-way. Its *defects* are that it has *no stability and little permanence*. It is liable to be seriously affected by the ever changing popular passions. On the other hand, the rights of the people are liable to be encroached upon by the executive under an unwritten or flexible constitution where the citizens are not vigilant.)

Summary.

The constitution is a body of laws which lays down the organisation of the government, the distribution of powers to its organs and the principles of the government of the state.

Constitutions have been classified into (a) *Written* and (b) *Unwritten*, and, more recently and that correctly, into (a) *Rigid* and (b) *Flexible*.

Questions.

What do you understand by the term 'constitution'? Indicate in brief the merits and demerits of rigid and flexible constitutions. (C. U. 1926).

What do you mean by the 'constitution' of a state? Distinguish between (a) written and unwritten constitution, and (b) rigid and flexible constitution. (C. U. 1929).

CHAPTER XXI

CIVIC IDEALS

Nature and value of Civic Ideal

(An ideal is a moral end or goal which an individual or a nation aspires to. Without great ideals in life an individual cannot be great. So is the case with a nation.) From a study of history we find that all nations which have been great possessed or still possess great ideals. Ancient India, ancient Greece and ancient Rome owed their greatness to the lofty ideals which they pursued. (Each modern nation, therefore, must form certain clear ideals and place them before the minds of its citizens.) It should be the aim and purpose of a system of national education so to form the mind and character of the citizen that he may realise the ideals of the nation and train all his desires and actions to the service of national ideals.

(All ideals are not civic. A citizen may have some ideals which have little reference to society. Those ideals which a citizen pursues as a member of a political community may be termed civic ideals. Civic ideals are common to all citizens. Some of these ideals are universal ; others differ in different communities. For example, patriotism, good government, and the ideal of keeping fit are universal civic ideals, while *hara-kiri* is a purely Japanese ideal.)

(The true civic ideal is the attainment of good life in society. Human life is rich in its diversity and our happiness and welfare can be promoted in diverse ways.

{The artist who has painted a good picture, the sculptor who builds a fine model, the poet who composes a noble song, the teacher who teaches a generation of students civic virtue,} the saint who lives a life of truth, humility and sacrifice, the worker who toils in his workshop and the peasant who plods in his field—all those who have been honest and industrious in a great common endeavour to serve the society—{all alike contribute to the realisation of our own civic ideals. Though their activities seem so diverse yet all of them tend ultimately to the one end—the welfare of the community. Thus each one is as good a citizen as the other}

Every nation has always trained its youth along the lines which it believed led to its ideal or goal. Let us now briefly examine the ideals of some of these nations—*ancient and modern*.

The aim of education at Sparta and Athens alike was to produce the best citizens. But their education differed because of the differences in their ideals.

'The Spartan believed that the whole duty of man was to be brave, to be indifferent to hardships and pain, to be a good soldier and be always in a perfect physical condition.' And he was trained accordingly.

Spartan Ideal

{The city of Sparta was an armed camp. The Spartan ideal was thus wholly militaristic. Sparta placed bravery, indifference to hardship and an iron physique as the greatest ideals. The Spartan boy was so trained that he developed into a hardy man, prepared for the rigours of a life of warfare. He was even taught to steal skilfully for his state—but he was not to steal from Spartans.} The softening influence of family life was sacrificed in order to develop single-minded devotion and loyalty to the state.

Athenian Ideal

{The Athenian's conception of the perfect citizen was much wider. He demanded of the ideal citizen perfection of body,

perfection of mind and perfection of tastes. The mere perfection of body did not satisfy him consequently. Athenian education was triple in its aims; its activities were divided between body, mind and taste. . . The training of character was above all things the object of Hellenic education—it was this which the Hellenic parents demanded of the schoolmaster’—K. J. Freeman.

—*Schools of Hellas.*

Athenian culture had for its aim a highly developed individual who would be loyal to the state but loyalty to the state was not the single aim as at Sparta. (In pursuance of the broader aim, the Athenian boy was taught warfare, but only as part of the greater culture which included public speaking, music, art and an appreciation of the beautiful in all the affairs of life.)

(The Athenian ideal of citizenship thus included not only the training of the body and the spirit but also of the mind, tastes and imagination. It aimed at a graceful and symmetrical development of the body, mind and taste.)

“Every boy had to learn reading, writing and arithmetic and become acquainted with the national literature.” Music and art received great encouragement. The youths were enrolled as citizens at the age of 20 and had to take the Ephebic Oath.* The Ephebic Oath laid stress on patriotism, “fight for the ideals and sacred things of the city”, reverence for laws and ceaseless endeavour “to quicken the public’s sense of civil duty” and to make the city of Athens “greater, better and more beautiful.”

(Both the Spartan and the Athenian ideals suffered from the following defects. They excluded women and the working class from the privileges of citizenship. They were adequate for city-

* The Athenian boys upon coming of age had to take the following oath :

‘I will not bring dishonour upon my arms and I will not desert the comrade by my life. I will defend the sacred places and all things holy, whether alone or with the help of many. I will leave my native land not less but greater and better than I found it. I will render intelligent obedience to my superiors and will obey the established ordinances and whatsoever other laws the people shall harmoniously establish. I will not suffer the laws to be set aside or disobeyed, but will defend them, alone or with the help of all. And I will respect the memory of the Fathers. The Gods be my witnesses.’

states like Sparta and Athens but seem too small for modern nation-states.)

Roman Ideal

In like manner Rome developed the effective organisation of the army and the state.

(The Roman ideal was on the whole similar to the Athenian ideal. "The citizen was educated for thought and leisure, governing and fighting; work was left to the slaves." But the Roman ideal placed greater importance on family life and parental authority. It also included education for the girls.)

Civic Ideals in Ancient India

(The ancient Indian ideal of citizenship was based on *Varnashrama-dharma*. There were elaborate rules for governing the life and conduct of the citizens belonging to each of the four Varnas. The son of a Brahman was made to conform to an iron discipline, specially during the Brahmacharyya period. Great stress was laid on a healthy mind in a healthy body and plain living and high thinking. Each citizen was asked to do the duties appropriate to his station and his age in life. The Brahman was to devote himself to knowledge, education and the spiritual development of the community. The Kshatriya was trained in the arts of fighting and governing. Economic leadership was left to the Vaishya. The Sudra was only to obey the orders of the three higher Varnas. Stages in life were four: *Brahmacharyya*, *Garhashthya*, *Vanaprastha* and *Yati*. Much importance was attached to race preservation which was held to be indispensable to saving the souls of departed ancestors. After the rise of Buddhism *ahimsa* became a great ideal. The state liberally supported education. It established universities, gave grants-in-aid to schools and appointed *Dharmamahamatras* for looking after public morals.)

(The ancient Indian ideal of citizenship had many good elements in it. But it had also glaring defects. It excluded the women and the Sudras, i.e., the *working class* from citizenship. It is undeniable that the hereditary character of *Varnashrama-dharma* largely stood in the way of the growth of a strong civic consciousness and healthy national ideals.)

The German, American and English ideals

Of the ideals of modern nations we can only refer in brief to the German, English and American ideals.

The German ideals

(The German civic ideals contemplate the breeding of two types of men—one a class of supermen, the leaders and the other a disciplined mass of men obeying the leaders. In this the Germans have eminently succeeded—no other modern nation can boast of so many supermen nor is the mass of people anywhere so disciplined or organised as in Germany.)

The English ideal

(The English ideal has been to develop the sporting sense of the people. And in England nothing else so much occupies the public mind as good sportsmanship. English sportsmanship, not only in the field of sports but in other spheres as well, is well-known throughout the world.)

The American ideal

(The American ideal has been to 'make money'—to make a material success in life. In this the Americans have eminently succeeded. They are to-day the most prosperous people on earth, leading the whole world in banking, commerce, manufactures and even in agriculture.) The grossly materialistic American ideal has latterly been tinged with the philanthropic and humanistic ideals of her business magnates such as Carnegie and Rockefeller who have donated billions of dollars to promote the welfare of mankind in every part of the world.)

Civic Ideals and their realisation

Each modern state should place before its citizens the following ideals :—

(1) Ideal of keeping fit

(The citizens must learn the art of keeping fit. A properly developed physique used to hardship is the first essential in the efficient discharge of civic rights and duties. Physical education is now recognised to be an important part of national education. The citizen must also learn adaptability.)

(2) Patriotism

(The citizen must be patriotic. He must always be ready to fight for the defence of his country and to uphold any just cause of his country. There is, however, a sort of patriotism that revels in glorifying one's nation by trampling under foot the rights and liberties of other nations. Such patriotism is perverted.) Patriotism cannot be divorced from morality. In an unjust war in which one's own nation is the aggressor the highest patriotism as the highest morality lies in refusing to fight. (International good must override national self-aggrandisement.)

(3) Public spirit

(Public spirit consists in the willingness to serve the community. The citizen must participate in the work of the government of the country. He must record his vote intelligently, serve on the jury, appear in the witness-box and should be prepared to serve on representative local bodies, assemblies and committees often in an honorary capacity and at great personal inconvenience. The exercise of vigilance over the actions of the executive and participation in the discussion of public problems and grievances are also included in public spirit. Seeking the common good is the goal of public spirit.)

(4) Promotion of National Culture

(The citizen must be able to appreciate his nation's spirit as expressed in its literature, art, music and science. His own work in these fields should be based as far as possible on the national trends. All the good elements in national culture must be carefully preserved and developed.)

(5) The City Beautiful

(A great civic ideal is the making of one's city and nation beautiful. The process of beautification should be done according to national ideals of art and architecture. The ideal citizen should also raise his eyes unto the World Beautiful.)

(6) Progress

(Progress must be the supreme end of the community. Superstitions and prejudices must be discarded. A modern outlook should be cultivated. Social customs and institutions should be reformed in the light of modern criticism. Science should be harnessed to the improvement of agriculture and industry.) The

spirit of research and discovery should be fostered and encouraged by all means at the community's disposal.

Conditions for the Realisation of Civic Ideals

(For the realisation of civic ideals certain conditions are necessary. The more important of these conditions are the following :—

(1) Democracy

(The government of the community must be democratic. Without democracy civic consciousness cannot develop properly and the privileges of citizenship remain limited to the fortunate few. True democracy means not only political democracy based on adult suffrage but also social and industrial democracy. Equal opportunity for all is the watch-word of democracy.)

(2) Civic Education: Universal and Compulsory

(Universal and compulsory education is the prime requisite of good citizenship. The Greeks realised this more than 2000 years ago. Civic education is an essential condition of the realisation of civic ideals.)

(3) Civic Interest and Vigilance

(The citizens must exercise unceasing vigilance over the actions of the government. Unless the citizens take interest in the actions of their government democracy is liable to be speedily corrupted.)

(4) Progressive Outlook

(Without a progressive outlook civic ideals are bound to be overtaken by stagnation and decay. In India there is too much of the glorification of the past and consequently too little progressive outlook. The citizen must be inspired with the desire of leaving his nation and the world better places to live in than he found them.) The citizen's outlook must extend beyond the present into the future as this outlook should be extended beyond the good of the nation to the good of the world as a whole. Without a progressive outlook little or no progress can be achieved.

Summary.

Civic Ideal is the attainment of good life in society. Different nations have different civic ideals.

The Spartan ideal laid stress on the development of the body and warlike qualities.

The Athenian ideal combined perfectly the development of the body with that of the mind and the spirit.

The ancient Indian ideal was based on Varnashrama Dharma.

The chief civic ideals of the modern state are (1) *ideal of keeping fit*, (2) *patriotism*, (3) *public spirit*, (4) *promotion of national culture*, (5) *the City Beautiful* and (6) *progress*.

The conditions for the realisation of civic ideals are (1) *democracy*, (2) *universal and compulsory education*, (3) *civic interest and vigilance* and (4) *progressive outlook*.

Questions.

1. What is a civic ideal?
2. What are the chief civic ideals that a citizen of a modern state should keep in view? What are the conditions of their realisation?

CHAPTER XXII

NATIONALISM

Nationalism defined

(*Nationalism denotes the conscious and deliberate efforts of nations as in India and Egypt to be free, to have their own states or when already they have their own states as in Italy and Germany it refers to their desire and struggle to be dominant and powerful.*)

The principle of nationality—one nation, one state

(The foundation of modern nationalism is the principle of nationality—‘one nation, one state.’ Each nation should form a separate state ; each state should comprise a single nation.†)

The principle gives support to the revolt of nations held in subjection. It stands for *the self-determination of nations*‡ for which President Wilson pleaded so eloquently. Without it we cannot have true democracy nor peace and good-will among the nations of the world.)

To-day almost every nation is organised in a state of its own and if it is not so organised it aspires to have its own state.

* The distinction between nationality and nationalism may be noted in this connexion. Nationality, as has been observed already, refers to a spiritual principle or sentiment. It is this spiritual principle seeking expression in an active endeavour for the achievement of freedom that is called Nationalism.

† *The Foundations of Modern Commonwealth*—Holcombe.

‡ *Self-determination of nations denotes the right of every nation to choose freely such form of government as it thinks will best correspond with its needs.*—President Wilson.

The Peace of 1919 failed to satisfy the desires and aspirations of many nations. The fire of nationalism continues, therefore, to burn with increasing flame in many parts of the world.

Nationalism and Internationalism

Nationalism is not without its criticism. (Just as without individual liberty there can be no development of individuality so without national liberty there can be no national progress.)

(The progress of mankind demands that the different nationalities should have political freedom to preserve and develop their own special qualities, heritages and cultures for the enrichment of civilisation. Korea or India free would be each happier in itself and better for human progress than Korea or India in bondage.)

While fully recognising the necessity of national liberty and the value of nationalism we cannot shut our eyes to the evils of nationalism against which we must be on our guard.

The possible evils of nationalism

(Nationalism, when perverted, may become too narrow, too selfish and too aggressive. Under perverted nationalism, love of nation often amounts to hatred of the foreigner, national glory and interests mean the subjugation and exploitation of weaker peoples. To the nationalist pervert the motto is: '*My country, my nation, my people first—right or wrong.*' But it is essentially immoral because it does not take into account the rights of others.)

(This narrow, selfish and aggressive *nationalism* may be *racial* as in Germany resulting in the torture and

persecution of the Jew *or it may be imperialistic* when it results in the political exploitation of the subject people by the imperial power as in Korea and Manchuria by Japanese Imperialism.)

(The last European War, which cost us millions of lives and tons of gold, was brought about by the conflict of ambitious and aggressive designs of the principal rival nations. After the war a war-weary world began to insist that this insane and destructive national rivalry must cease.) The World Economic Crisis has demonstrated afresh the evils of unbridled nationalism and the paramount need of international co-operation and harmony if the very foundations of civilisation are not to give way.

Internationalism

There is to-day throughout the world a broad wave of sympathy for the oppressed and exploited peoples on earth. A feeling and a tendency is slowly gaining ground that we should work together for the true welfare of humanity and that we should not regard ourselves *merely* as members of particular nations but as citizens of the world. This tendency is known as internationalism.

Internationalism as an ideal

As an ideal, internationalism is certainly greater than nationalism because the welfare of humanity is a higher good than the welfare of a particular group. The ideal derives strength from the fact that modern transport and communications have brought the different parts of the world closer—indeed so close that at times we feel that we are not much apart and that we belong, after all, to a family of nations. Further the interests of the different nations, in the economic and in other spheres, have

become so interwoven that they can be furthered only by concerted action. Germany impoverished by war cannot buy Indian jute, Indian jute-growers impoverished thereby cannot buy British cotton-goods and cause suffering and unemployment to British cotton workers. So by mutual consent war must be stopped, aggressive nationalism checked and internationalism promoted in the interests of all.)

Internationalism is an ideal, a sentiment, a dream not of the many but of the few, the select few in every community. The present age seems to be the age of nationalism. *True nationalism is not at variance with internationalism.* It is but a step to internationalism. Internationalism would have a meaning and the talk of a world brotherhood would be a reality only when all the subject nations are free.

Internationalism and the League of Nations

{The idea of internationalism led to the establishment of the League of Nations with a view to world brotherhood and international co-operation. But the League of Nations has been able to do very little in the way of protecting weak nations from the greed of the Great Powers as is evident in the case of the aggression of China by Japan. There is a growing suspicion that the League exists for the big powers and not for the small and the weak. The League's failure must damp the ardour of many of the champions of internationalism at the present day.)

The League of Nations

{The League of Nations is an instrument of international co-operation under a Treaty, known as the

Covenant, between about fifty governments of the World. The League is an association of states brought into existence in January, 1920 from which the U. S. A. and Soviet Russia have kept out since its foundation.

India and the self-governing Dominions within the British Empire, though they are not states, in the truest sense, are members of the League of Nations.

The Objects of the League of Nations

The *objects* of the League of Nations as stated in the preamble to the covenant are (a) *the promotion of international co-operation* and (b) *the achievement of international peace and security*.

The means prescribed in the covenant for the achievement of these objects are

- (1) acceptance of obligation not to resort to war
- (2) open, just and honourable relations between nations
- (3) firm establishment of a code of international law as the rule of conduct among nations and governments
- (4) maintenance of justice and scrupulous respect for all treaty obligations.

The Constitution of the League

The system operates through a *Council*, which is the highest executive, an *Assembly*, which is the deliberative body, and a *permanent Secretariat* at Geneva.

The *Council* consists of 14 members, of whom five are reserved for the five Great Powers who have permanent seats on the Council and nine others elected by the Assembly from time to time to represent the other members of the League. The Council meets usually at Geneva three or four times a year.

The *Assembly* which is a much bigger body consists of representatives of all states who are members of the League. It meets in September every year at Geneva.

The *permanent secretariat* consists of League officials recruited from all nations serving under the Secretary-General of the League.

The League's Work

The League's work is primarily the prevention of war and the guaranteeing of the security of its members but there are some other important League activities such as the betterment of the conditions of labour throughout the world, the promotion of international commerce, the improvement of public health, the suppression of immorality and the control of noxious drugs.

Summary.

Nationalism denotes the conscious and deliberate efforts of nations to be free and being free to be dominant and powerful.

The principle of nationality is *one nation, one state*.

Nationalism when perverted becomes too narrow and selfish. True nationalism is not at variance with internationalism.

The objects of the League of Nations are (1) promotion of international co-operation and (2) achievement of international peace and security.

Questions.

1. Define nationalism. What are the underlying ideas of the principle of nationality?
2. Mention some of the dangers of nationalism. Is nationalism opposed to internationalism?
3. Give an idea of the objects of the League of Nations. Describe briefly the constitution of the League.

BOOK II

BRITISH ADMINISTRATION IN INDIA

CHAPTER I

INTRODUCTION

After having acquainted ourselves with the fundamental principles of civil government we are now in a position to approach the all important question: *How are we, Indians, governed?* This question must be a matter of great interest and curiosity to the young men and young women of to-day who are going to be citizens to-morrow.

India is a part of the British Empire and the present constitution of India, in which all the important rules relating to the government and administration of this country are embodied, is an Act of the British Parliament passed in 1919. *This Act is known as the Government of India Act.* We should remember that the Act is essentially *provisional* in character which will soon be changed by a new Constitution Act.

At the end of 1927 the British Government appointed the commission of enquiry contemplated in the statute of 1919* with Sir John Simon as the *Chairman*, which is

* It is expressly laid down in section 84A of the Government of India Act that *at the expiration of 10 years from the passing of the Act the Secretary of State shall submit with the concurrence of both Houses of Parliament for the approval of His Majesty the names of persons to act as commissioners for the purpose of (1) enquiring into the working of the system of government introduced by this Act, (2) the growth of education and (3) the development of the representative institutions in British India and matters incidental thereto.* The Commission shall further report (4) *as to where and to what extent it is desirable to establish the principle of responsible government or*

known variously as the Statutory Commission or the Simon Commission. The Commission, composed of seven British members of Parliament, failed to inspire confidence in India and was boycotted by all the principal political parties here.

Before its labours were over *the Viceroy, on the 31st October, 1929*, in order to create a more favourable atmosphere for the making and the working of the new constitution *declared Dominion Status to be India's goal* and announced the intention of holding a Round Table Conference with the object of settling the outlines of the future constitution of India.

The first Round Table Conference met in London in *November, 1930*, the second in *October, 1931* and the third in *December, 1932*. The Indian National Congress, the ~~most influential~~ and in fact the only living political organisation in India, boycotted the first Conference but Congress through Mahatma Gandhi was induced by Lord Irwin to take part in the second where he claimed the right of Congress to speak for India and made an impassioned plea for India's freedom specially for the starving millions of India. By the time the third Round Table Conference met, Congress was again at war with the Government and was naturally unrepresented in the Conference. Besides these three Indian Conferences, the British Government also held a separate Round Table Conference for Burma (*December, 1931*) and appointed three Committees to enquire and report on the problems

to extend, modify or restrict the degree of responsible government then existing therein (including the question whether the establishment of a second chamber of the provincial legislatures is or is not desirable).

of *Franchise*, *Federal Finance* and *Indian States* respectively.

The British Government have issued a White Paper embodying their proposals for the reform of the Indian Government. Their proposals are based on the reports of the Round Table Conferences and the Committees. These proposals are undergoing examination by a Joint Select Committee of the British Parliament which when completed will be followed by the British Government's drafting a constitution for India and presenting the same for the approval of the King and Parliament. It is only when that approval is obtained that the new constitution can come into force. But, for that we have to wait. At present we are being administered in accordance with the Government of India Act of 1919 and it might interest us to know how we had been governed, how we are governed now and how we should be governed.

// Historical sketch

Before we proceed to examine our present constitution it will be useful to give a short historical survey of the origin and development of British rule in India.

It was in the year 1600 that Queen Elizabeth of England granted to the East India Company a charter to trade exclusively in the East Indies and "*to acquire territory, fortify their stations, defend their properties by armed force, coin money and administer justice within their own settlement.*" The first trading station of the East India Company was established at Surat. Jehangir, the then Moghul Emperor, granted a few trading concessions to the English. The English next opened a factory at Masulipatam. The Company built Fort St. George at Madras in 1640. A few years later a factory was built on the Hooghly in Bengal. In 1662 Charles II leased out to the Company the city of Bombay which he had got as a part of his queen's dower.

With the decay of the Moghul power at Delhi in the early years of the 18th century there began a state of chaos and anarchy in India. There was a scramble for power among the Mahomedan governors of the provinces, the Mahratta chiefs and the other Hindu Rajas. The European trading corporations were not slow to seize the opportunity and they soon began to exploit the rivalries of the mutually jealous Indian chiefs. For some time it seemed that the French under Dupleix would be the dominating European power in India. But fortune smiled on the English who, under the able leadership of Clive, gradually ousted the French power from India. Clive is regarded as the founder of the British Empire in India.

The East India Company, hitherto a trading company, became a political power in the year 1765 when Clive received from Shah Alam, the Emperor at Delhi, the grant of the Dewany of Bengal, Bihar and Orissa. From 1765 onward the Company governed in these tracts though the Moghul Emperor remained the sovereign. Later on, further territories were acquired in India by the Company acting under the authority and on behalf of the British Crown.

The great expansion of dominion that resulted from the victories of Clive and Eyre Coote made it plain that England had become a territorial power to maintain which the despatch of King's ships and King's troops to India became necessary. The government of these territories could not in the circumstances be regarded as the mere private concern of a trading company but became increasingly a matter of national concern to the British people and the British Crown.

From 1766 onwards Parliament showed an increasing interest in Indian affairs. Some of the Anglo-Indian officials, the English Nabobs as they were called, who had 'shaken the pagoda tree in India' and made themselves fabulously rich, on their return to England excited the jealousy and envy of their fellow countrymen by their luxurious and extravagant ways of living.

Parliament's desire to intervene in the Company's affairs was prompted by two very different feelings—a feeling of uneasiness and concern at the methods whereby the Company was making its large profits year after year and a feeling of envy of the privilege whereby a few people, the Company's shareholders, and servants, should have such large incomes from India and should

live in England a life so different from that lived by the vast majority of the British people.

The Company's financial position had become embarrassing on account of misgovernment and also because the Company had to meet the expenses of continuous wars while the servants of the Company were dishonest and corrupt and were amassing huge fortunes for themselves.

The civil misgovernment led to a famine in the Presidency of Bengal which in those days was the richest and the most fertile among the provinces. Bad generalship and corrupt government at Madras were responsible for the humiliation of the military forces of the Company and the lowering of its prestige by Hyder Ali. The latter gained a notable triumph over the company in the treaty of Madras in 1769.

The tales of oppression and of misgovernment were reaching the English shores and opinion was growing in favour of the regulation by Parliament of the affairs of the Company in India.

Clive himself suggested that the Crown ought to assume direct control so also did Adam Smith who saw in it a means of enriching the English revenues.

The Indian situation was pressing itself upon the attention of the public in England, until in 1773 it seemed to be realised for the first time in England that a body of merchants was charged with the unusual and heavy responsibility of governing millions of men in a country several times as big as England.

Parliament by a long series of Acts, the first of which was passed in the year 1773, proceeded to regulate the Company's administration of India. These Acts progressively reduced the governmental power of the Company until "the substance of authority passed from the Company to the Crown. The Company reigned but in important matters did not govern." This was the essence of the system of double government, shared between the East India Company and the British Parliament, which lasted until 1858, when it was put to an end by the Parliamentary Act of that year which formally transferred the territories of India to the direct control of the Crown.

The Regulating Act, 1773

The Regulating Act of 1773 recognised the territorial sovereignty of the Company and changed the constitution of the

Courts of Directors and Proprietors. The old system of government in Bengal by a President and Council was abolished and the responsibility was entrusted to the Governor-General of Bengal and a Council of 4 members who were vested with the powers of superintendence and control *in matters of peace and war* over the governments of Madras and Bombay which continued to be governed by a President and a Council. Decisions were to be by a majority of votes in the Council and were binding on the Governor-General. The Act also provided for a Supreme Court at Calcutta, independent of, and inevitably destined to quarrel with the Company's executive officers in India.

The first Governor-General appointed under this Act was Warren Hastings who had as his Councillors Lieut.-General John Clavering, Hon. George Monson, Richard Barwell and Sir Philip Francis. Sir Elijah Impey was appointed the first Chief Justice.)

Its importance

(The Regulating Act is important in many respects. *It marked the beginning of direct interference by Parliament in Indian affairs.*)

(Secondly, it renewed the system of double government. By the passing of this Act responsibilities came to be shared by the East India Company and the British Crown.)

(Thirdly, Parliament took up the role of the trustee and the custodian of the rights of the Indian people and assumed responsibility for the welfare and advancement of the latter. This responsibility and trusteeship is professed by Parliament even to-day.)

(Fourthly, the Regulating Act also marked the beginning of the constitutional history of modern India.)

Its defects

(The provisions of the Act of 1773, as observed by Ilbert, were obscure as to the nature and extent of the authority exercisable by the Governor-General and his Council over the subordinate presidencies, as to the jurisdiction of the Supreme Court, and as to the relations between the Government of Bengal and the Supreme Court. Another defect was the provision which allowed the Governor-General to be outvoted and overruled whenever 3 members of his Council chose to combine against him. The Act was conceived in the best of spirit but due to the defects

mentioned above it could not work well. So an early amendment became necessary.)

Pitt's India Act, 1784

The defects of the Regulating Act were sought to be remedied by the East India Bill of Charles Fox to whom the solution appeared to lie in an extension of the powers of Parliament and in an abridgment of the Company's rights. But his Bill was thrown out. (A new Bill on India was brought forward for the consideration of Parliament by William Pitt who succeeded Fox. This Bill was passed into law although it followed, in the main, Fox's Bill.)

Larger powers of control over the presidencies of Madras and Bombay were vested in the Governor-General in Council. The new Governor-General obtained powers to overrule the majority of his Council.)

In order that India's future might lie more immediately in the hands of the British Parliament than was provided for in the Regulating Act, (a Board of Control was now set up. This Board consisted of six commissioners who were formally styled the Commissioners for the Affairs of India. The Board met for a time but soon its members ceased to assemble and the powers of the Board were exercised by the President who was the only effective member. The Board was given the power "*from time to time to check, to superintend, and control all acts and operations and concerns which in any wise related to the civil and military government or revenues of the territories and possessions of the said United Company in the East Indies.*")

(From 1784 there were in London two offices occupied with the Indian administration; the East India House, in Leadenhall, was the home of the East India Company, while the Board of Control, just established at Westminster, supervised on behalf of the British Government the Company's operations in India.) 'Dyarchy,' as regards India, 'is not an invention of the twentieth century.'

(The office of the Secretary of State for India has evolved out of that of the President of the Board of Control of the old days, and the Council of India is the modern substitute for the Secret Committee of the Court of Directors provided for by the Act of 1784. The India Office has its origin in the amalgamation of the Company's headquarters in London with the office of the Board

of Control. The modified government as set up by Pitt's India Act (1784) continued until 1858 with but slight changes.)

Charter Act, 1793

The Charter Act of 1793 did not introduce any important alterations. The powers of the Governor-General in Council were defined and the Covenanted Civil Service was constituted.)

Charter Act, 1813

In 1813, due to Lord Wellesley's victorious campaigns which resulted in considerable additions of territories and of debts as well, important questions awaited solution. English merchants, who did not belong to the United Company, clamoured for years past for a share in the rich trade with India and that demand could not be resisted for long. It was considered that the Company could ill afford to retain its commercial position as before because of the new responsibilities thrust upon it by Wellesley's policy of annexation. But the Company wrangled over its monopoly privileges. A compromise was at last arrived at and the Company had to be satisfied with its monopoly of the tea trade and the trade with China.) The other commercial privileges that they exclusively enjoyed in India were now abolished and the whole country was now thrown open to traders of all classes subject to certain restrictions.

Charter Act, 1833

(Twenty years later, in 1833, when the question of the renewal of the Charter came up again, it is worthy of note that while the territorial possessions of the Company and also the revenues were granted as on former occasions to the Company they were now declared to be held by the Company "in trust for His Majesty, his heirs and successors for the service of the Government of India.") The monopoly of trade with China and the tea monopoly were abolished and the Company ceased to be a commercial body. The Company becomes purely a political body from the year 1833.)

The Governor-General so long styled the Governor-General of Bengal now became the Governor-General of India. "Henceforth the superintendence, direction and control of the whole civil and military government in India were expressly vested in the Governor-General of India in Council.")

{Another member was added to the Governor-General's Council. He was not to be an employee of the Company and was expected to confine himself solely to the task of legislation. This was the Law Member. Macaulay was the first Law Member of the Governor-General's Council and his labours led to the formulation of the Indian Penal Code.}

Charter Act, 1853

{The last of the Charter Acts was passed in 1853. *The Charter was renewed not for 20 years as before but the Act simply provided that "Indian territories should remain under the Company in trust for the Crown until Parliament should otherwise direct."*}

The wording of the Charter Act of 1853 showed that the Company's days were fast approaching an end. Each time the charter came up for renewal, Parliament, before it granted the Charter, wrested something more from what little power remained with the Company.

The Act of 1853 provided for the appointment of a separate Lieutenant-Governor for Bengal as distinct from the Governor-General. The Governor-General was thus relieved of his direct charge of the Presidency.

Provinces were created under this Act and the power of defining limits of provinces was vested in the Governor-General of India in Council.

The Act also gave India her first Legislative Council composed of 12 officials. }

The Mutiny: India becomes a direct charge of the British Crown.

{The Company's misgovernment had alienated a large section of the Indian people and also a large portion of the Indian troops. The result was the rebellion in 1857 known in history as the Sepoy Mutiny. }

{The authorities in England saw the danger of continuing the Company's rule in the altered circumstances. So, after the suppression of the Mutiny, India was brought directly under the Crown. By a proclamation (*The Queen's Proclamation of 1858*) which granted a general amnesty to those who had taken part in the disturbances, Queen Victoria declared her intention of taking into her own hands the reins of Indian government. }

The mutiny sharply divided the new India from the old but until the Reforms of 1919 the British administration in India followed lines already drawn.

The Act for the Better Government of India, 1858

By the Government of India Act of 1858 the Board of Control, of which the only effective member was the President, was abolished and, *instead*, was set up another functionary—the Secretary of State for India,—who was to be a minister of the British Crown. The Secretary of State for India was to be assisted by a Council of India consisting of experienced men with first-hand knowledge of Indian conditions. The Crown was to be represented in India by the Viceroy who was also the Governor-General of India. The governmental powers were to be exercised by the Governor-General in Council as before.

Subsequent Acts and constitutional reforms. The Indian Councils Act, 1861

One of the first measures of the new government was to remodel the Indian legislature which was first established in 1853.

The Indian Councils Act of 1861 is a landmark in Indian constitutional history and marks an important stage in the growth of the Indian Legislature because it gave non-officials a voice in making laws and it defined the scope and jurisdiction of the Indian legislature for the next sixty years, modified later in the Reforms of 1919. The powers of legislation which had been taken away from the Governments of Madras and Bombay by the Charter Act of 1833 were restored to them.

(The Act of 1861 provided that for the purpose of law-making the Governor-General should nominate, in addition to the members of his Council, a number not less than 6 nor more than 12, *provided* that not less than one half of the persons so nominated should be non-officials.)

It would be a mistake to think of the legislatures established under this Act as miniature parliaments or as containing within themselves the seeds of responsible government. (Their functions were strictly limited to legislation) which was, in practice, initiated by the executive and the councils were expressly forbidden to

transact, entertain or discuss any business except legislative measures brought up before them. The Councils set up were mere committees for the purpose of tendering advice, *with regard to legislation*, which might or might not be accepted by the executive.¹

Another feature of the Act of 1861 is the power it gave to the Governor-General, still retained by him, in cases of emergency, to promulgate, on his sole responsibility, *ordinances* having, for a period not exceeding six months, the force of law. This power still survives and has been exercised extensively in recent times.

Indian Councils Act, 1892

The period which intervened between 1861 and 1892 had seen many-sided progress in India. New universities were established. There had been great extension of secondary education. Some amount of local self-government was introduced in the major provinces mainly due to the efforts of Lords Dufferin and Ripon. In 1885 the Indian National Congress had been founded. The Congress represented the educated and politically-minded Indians who were demanding constitutional reforms. Ultimately, the government felt the necessity of making changes in the constitution of the Legislative Councils with a view to making them more popular and representative.

(The Indian Councils Act of 1892 authorised an increase in the size of the Legislative Council and changes in the method of nomination.

The participation of non-official Indians in the legislature was extended and for the first time they were given a voice in the discussion of the finances and administration of the country.

Official control was not relaxed and the activities of the Councils even with non-officials in a minority were still strictly limited. They could merely debate and interrogate but could not in any way control legislation, finance or administration of India.)

The Act of 1892 was very halting in its nature. There was still no approach to a parliamentary system.

Indian Councils Act, 1909

Since 1892 events had moved fast. There had been further progress of education and the Indian National Congress had gained in power and influence.

Japan, a small Asiatic country, not given till then any great significance, had just established herself as one of the great powers of the world by humiliating Russia, one of the greatest European powers. Educated young men in this country were elated at this success of an Asiatic people and they saw the vision of a new and triumphant nationalism in India. Discontent which had been growing flared up into disaffection and unrest with the Partition of Bengal.

All these combined to make English statesmen feel that the constitution of the Government of India needed changes to meet the growing feeling in India in favour of Home Rule.

(The Indian Councils Act of 1909 (known as the Minto-Morley Reforms) was passed during the Viceroyalty of Lord Minto, at the instance of Lord Morley, the then Secretary of State for India. The principle of election was directly introduced. The right of moving resolutions and voting upon the Budget as well as on all questions of public interest was conceded to the Legislative Councils. The new Councils were also given the right of putting supplementary questions.

The official majority was abandoned in the provincial legislatures but was retained in the Imperial Legislative Council.

At the same time the Governor-General in Council at the centre and the Lieutenant Governors in the provinces were given sufficient powers to override the legislatures. An Indian was appointed for the first time to the Viceroy's Executive Council. Indians were similarly appointed to the Executive Councils of the provinces of Bombay, Madras and Bengal.

A much larger proportion of Indian non-officials was introduced in the legislatures which should have given the people a better chance in their struggle for their rights but the benefit of the change was lost and great mischief was done by the introduction of the wholly obnoxious principle of communal representation (i.e., separate representation of the Muhammadan Community).

The Indian people, instead of being united for their common interests, were divided, under the new Act, one ranged against the other. In this internal division lies the fundamental weakness of the Indian national movement. This principle, so very injurious to the cause of Indian unity and nationalism has been

later extended to other communities such as the Sikhs and the Christians. ¹

Between 1909 and 1916 three important statutes have been passed, the effect of which has been to modify the vast structure of Indian Administration.

(1) The Indian High Courts Act of 1911.

(2) The Government of India Act of 1912.

(3) The Government of India (Consolidation) Act of 1915 which has brought into harmony the long series of enactments which have built up the administration of India. ²

This period was marked by an increase in political discontent. A large number of men were interned or detained, under the Defence of India Act. The Congress leaders, on the outbreak of the Great War, suspended political hostility in order not to embarrass the government at that hour of crisis.

India and the Great War

During the Great European War, India rendered Great Britain valuable services both in men and money. ³

(While the Indian troops proved their ability in the battle-fields and gained notable victories for Britain, those who remained at home contributed handsomely to the War funds and loans. During the War, *Britain professed to fight* against Germany, Austria and Turkey *mainly for the right of self-determination of the small nations*. British Ministers publicly declared on many occasions that Britain was fighting for the liberty of mankind—for establishing the right of every nation to govern itself.)

When Britain made further demands on India, Indian leaders wanted Britain to concede that same right of self-determination to India. They demanded that Britain should pledge her word that as soon as the War was over, she would grant Home Rule to India—the Swaraj that had been the goal of Indian political aspirations. ⁴

The famous Montagu declaration, 20th August, 1917

(Accordingly) on August 20th, 1917, Mr. Montagu, the then Secretary of State for India, made the following announcement in the House of Commons. "*The policy*

of His Majesty's Government, with which the Government of India are in complete accord, is that of the increasing association of Indians in every branch of the administration and the gradual development of self-governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire." He added that progress in this policy could only be achieved by successive stages. The British Parliament and the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian people, must be judges of the time and measure of each advance and they must be guided by the co-operation, received from those upon whom new opportunities of service would presently be conferred and by the extent to which it was found that confidence could be reposed in their sense of responsibility.

At the end of the year, Mr. Montagu came out to India and travelled widely in the country with the Viceroy, Lord Chelmsford, meeting all the prominent men here. They submitted a report advocating the grant of responsible government to India by stages.*

(The principle of autocracy, i.e., government without the consent of the governed, was maintained even under the reforms of 1909. The Montford Report for the first time recommended the introduction of the democratic

* The Montagu-Chelmsford Report laid down the lines of progress on these lines. (1) Self-government is to begin immediately in the towns and villages. (2) Some advance has also to be made in the provinces where a part of the administration may be placed under popular control. (3) This control shall extend in course of time to the whole of the provincial administration. (4) Ultimately the Indian people shall also have the control of the Government of India subject to the safeguarding of the responsibilities of the British Empire.

principle in the government of this country. They desired to see the Government of India to be responsible in time to the people of this land because they believed in the right of the Indian people to have a government of their own choice—a government of the Indians, for the Indians and by the Indians. That is the goal which is held before us by the Montagu-Chelmsford Report.)

The Government of India Act of 1919

☞ The passing of the Act of 1919* saw the beginning of Swaraj in India as is pointed out in the inaugural message of His Majesty the King Emperor to the Indian Legislature. *"For years, it may be for generations, patriotic and loyal Indians have dreamed of Swaraj for their motherland. To-day you have the beginnings of Swaraj within my Empire, and wide scope and ample opportunities for progress to the liberty which my other Dominions enjoy."* The importance of the Act is also indicated in the following passage from Lord Chelmsford's speech on the occasion of the opening ceremony of the Indian Legislature. *"For the first time the principle of autocracy, which had not been wholly discarded in all earlier reforms, was definitely abandoned ; the conception of the British Government as a benevolent despotism was finally renounced, and in its place was substituted that of a guiding authority whose rule it would be to assist the steps of India along the road that*

* The most important feature of the Act of 1919 is that it introduced the principle of responsible government in India by (a) instituting a measure of responsible government in the provinces and making them as much as possible free from the central control, (b) by enlarging the powers and opportunities of the Central Legislature and (c) by providing for the relaxation of the control of the British Parliament over Indian affairs.

would, in the fulness of time, lead to complete self-government within the Empire.")

In the foregoing pages we have traced the development of the British administration in India from its early beginnings to the stage we have reached to-day. We shall now proceed to an examination of the machinery of the present Indian administration.

Summary.

The year 1600 is an important year—the year of the grant of the charter to the Company to trade exclusively in the East Indies.

The Company becomes a political power in 1765, when it got the Dewany.

A period of double government begins in 1765, and ends in 1858 when, following the mutiny, India comes under the Crown.

The present government of India is carried on in accordance with the Government of India Act of 1919. This Act is provisional.

Questions.

1. Write notes on (a) the Regulating Act, 1773; (b) Pitt's India Act, 1784; (c) the Charter Act of 1853 and (d) the Statutory Commission.
2. Indicate briefly the policy enunciated by His Majesty's Government in the Declaration of August 20, 1917. (C. U. 1929).

CHAPTER II

AUTHORITIES IN GREAT BRITAIN

Sovereignty of India

India is governed in the name of the British Crown. The King is the titular head of the British constitution and though there are very large powers reserved to the Crown, these are rarely used by the King on his own initiative. It is the King's minister or ministers who exercise them in the King's name but, in fact, on behalf of the British people to whose representatives in Parliament they are responsible for their acts. (*The sovereignty of India is, therefore, vested in the King in Parliament.*)

The Imperial Government and India

According to the law and theory, Parliament controls Indian administration but in practice the British (or Imperial) Government and Parliament do not interfere nor do they interest themselves in Indian affairs unless something which affects them or the British Empire is involved.) Usually it is in India itself that decisions are made and measures formulated affecting the life and welfare of the people. The British Government has usually shown a tendency to leave to its representatives in India, the officials or the bureaucrats, the detailed management of Indian affairs.

(The Indian people in the days of the Company welcomed parliamentary control as a very healthy check on the Company's officials in India. Latterly there has been a very noticeable and decided change in the view-point. (The nationalists resent any form of foreign control of the country, be it from Parliament or from any other body. The resentment is the greater because it has been found that in vital matters affecting India, Parliament has not exercised its power of control but has left the govern-

ment to be carried on by the officials in India much as they pleased.)

The Secretary of State for India

(The minister who advises the Crown in all matters relating to India, and through whom the authority of the Crown and Parliament over India is exercised, is the *Secretary of State for India*. *He stands at the top of the Indian administration*. He is a member of the cabinet, a member of the King's Privy Council and a member of Parliament. His legal and constitutional position is defined in section 2 of the Government of India Act of 1919. The Secretary of State for India is paid out of money provided by Parliament and not out of the revenues of India. He is assisted in his work by two *Under-Secretaries*, one being *Parliamentary* who like himself is appointed by the Crown and goes out of office along with other members of the cabinet as they cease to enjoy the confidence of the House of Commons. *The other is a Permanent Under-Secretary* who is a member of the British Civil Service and who continues in office in spite of a change of ministry.)

Powers and Duties of the Secretary of State

(*The Secretary of State is the advisor of the Crown and he is also the agent of parliament with regard to Indian affairs. Briefly speaking, he is vested with 'the general powers of superintendence, direction and control over all acts, operations and concerns which relate to the government or revenues of India.'* Under section 33 of the Act the Governor-General of India is required to pay due obedience to such orders as he may receive from the

Secretary of State for India. The Government of India is thus completely subordinate to the Secretary of State.*)

The Council of India

(The Secretary of State for India is assisted by a Council which is known as the Council of India. It consists of a number not less than eight and not more than twelve members as the Secretary of State may determine. One-half of the members should be such as have served or resided in India for at least ten years and have not last left India more than five years from the date of their

* Relaxation of the control of the Secretary of State

Though the powers vested in the Secretary of State are vast and various it will be an "error to suppose that the Secretary of State is constantly interfering in the ordinary work of Indian administration." Events may move fast, decisions may have to be taken quickly. The Government of India cannot emulate the station master who telegraphed to his superior officer "Tiger on station platform; please send instructions." "The Secretary of State for India" observes Chailley, a shrewd French commentator, "watches, from a lofty and distant position, the ebb and flow of the Indian tides. Charged by Parliament with the control of the Government of India, his deliberate attitude towards that body is neither hostile nor complacent. He watches; he consults; sometimes he intervenes in what the Government of India considers an irritating manner." Further, the purposes of the Government of India Act of 1919 have been (1) the increasing association of Indians in every branch of Indian administration, (2) the gradual development of self-governing institutions in India and (3) the making of the Indian provinces autonomous with regard to provincial matters. In order to give effect to the above-mentioned purposes, sec. 19A of the Government of India Act has authorised the Secretary of State in Council to regulate and restrict by rules the exercise of the powers vested in the Secretary of State and the Secretary of State in Council. So rules have been framed by which the control of the Secretary of State over the central and local governments in India have been relaxed. *With regard to transferred subjects in the provinces the control is exercised only on such grounds as the safeguarding of central administration or of imperial interests. With regard to central and reserved subjects the rule is not to interfere where the central or local government are in agreement with the legislature.*

appointment. No member of the Council of India can be a member of the British Parliament. Members hold office for a term of five years and for special reasons the term may be extended to another five years. Members are not liable to dismissal during their tenure of office, but on an address of both the Houses of Parliament they can be removed by His Majesty. The vacancies in the Council are filled by the Secretary of State. Each member is paid a salary of £1200 a year. Members of Indian domicile get an extra allowance of £600 annually.

The Secretary of State is the President of the Council of India with the power to vote. Any member may be appointed as the Vice-President who presides over meetings in the absence of the Secretary of State. When both are absent, a president is elected from amongst the members present. The Council must meet at least once in a month.

Powers and Duties of the Council of India

(Under the direction of the Secretary of State the Council of India conducts various businesses transacted in the United Kingdom in relation to the Government of India, and the correspondence with India. The Secretary of State for India is authorised to form committees of the Council of India and divide the Council's work among them.)

(Where law requires that the Secretary of State shall act with the concurrence of a majority of the Council of India he is said to act as "the Secretary of State in Council." *The authority of the Council extends to certain matters only. The powers of control and expenditure of Indian revenues are vested in the Secretary of State in*

Council. *The power to enter into contracts and raise money on behalf of the Government of India* lies also with the Secretary of State in Council. Again it is the Secretary of State in Council who may *dispose of any property vested in the Crown* for the purposes of the Government of India.

(A majority vote of the Council is also necessary for *dismissing civil and military officers and for the framing of rules for the Civil Service Examination*, and also in the matter of *appointing persons, living in India, to the Civil Services*. Except in the matters mentioned above, the Council may be ignored by the Secretary of State who then acts entirely on his own responsibility. So, in many respects the Council is nothing more than a mere consultative body.

The Secretary of State in Council is a corporate body and as such may sue and be sued. All liabilities incurred by the Secretary of State or the Secretary of State in Council in his or their official capacity are borne by the revenues of India.

Parliament and the Secretary of State

With all the enormous powers vested in him the Secretary of State is no more than an agent of Parliament appointed to look after the administration of India. The Secretary of State, we have seen, is paid out of money provided by Parliament and to Parliament he is responsible for his acts in relation to the Government of India. Parliament possesses a very real power of check upon the exercise of authority by the Secretary of State for India. The Secretary of State is to present to Parliament annually

the Indian revenue account together with a report (now compiled in India by the Director of the Bureau of Information, Government of India), on the moral and material progress of the country during the year under review.

Questions* concerning the Government of India may be asked in the Houses of Parliament. Any member of Parliament can initiate discussion on India and the Secretary of State for India may be asked to defend his administration. If he fails to gain the support of a majority in the House of Commons, he is to resign office in accordance with the constitutional practice in England.

But as a matter of fact though Parliament had the power, it seldom had the will to exercise any real check on its agent who was generally left free to tackle the problems of Indian administration as best as he could in consultation with the officials in India. Things are however changing fast and India is attracting more and more attention of the British Parliament as well as of the British public.

India Office

(By "India Office" is meant the establishment in London of the Secretary of State for India in Council. Besides the two Under-Secretaries already referred to, the Secretary of State has an Assistant Under-Secretary. The latter is also the clerk of the

* "To give an example, the questions put in one day recently included enquiries about child mortality in India, the Indianisation of the army, proposed railway extensions, the details of a recent riot in India, the treatment of prisoners in jails, the salaries of officials, the growth of an Indian mercantile marine, the intentions of Government as to forthcoming legislation, and the export of live monkeys." The India Office—Sir Malcom Seton, K.C.B.

Council. At present there is a Deputy Under-Secretary too. There are several departments in the India Office for each of which there are a Secretary, an Assistant Secretary and a staff of clerks. These departments deal with (1) Finance, (2) Military matters, (3) Political and "Secret" matters, (4) Judicial and public matters, (5) Revenue and Statistics, and (6) Public Works.)

There is thus at the India Office a triple cord—the Secretary of State, the Council of India and the India Office permanent officials!

The India Office is at Whitehall, London.

(The Government of India Act lays down that the salary of the Secretary of State must be paid out of money provided by Parliament. As regards the salaries of his Under-Secretaries and of the members of the Council and other costs of the India office establishment, the Act provides that payment may be made either out of the revenues of India or out of money provided by Parliament. At present the salaries of the Secretary of State and his Parliamentary Under-Secretary are paid out of money provided by Parliament. The British Treasury also makes a large grant-in-aid towards the maintenance of the India Office.)

The High Commissioner for India

(The High Commissioner for India is the agent of the Government of India in Great Britain. He acts under instructions from his own government and his establishment which is entirely separate from the India Office) is located in the India House, Aldwych, London. (The appointment was provided for in Sec. 29A of the Act of 1919 as it was felt that a demarcation should be made between the agency work of the India Office and its political and administrative functions and that the step would commend itself to all classes of opinion in India as marking a stage towards full Dominion Status.*)

(By an Order of the Crown in Council the Governor-General in Council was empowered to appoint, with the

* Crewe Committee Report, 1919.

approval of the Secretary of State in Council, the High Commissioner for India in the United Kingdom. A High Commissioner holds office for 5 years and is eligible for reappointment. The salary attached to the office is £3000 a year to be paid out of the Indian revenues.'

The High Commissioner is

(1) to act as an agent of the Governor-General in Council in the United Kingdom;

(2) to act on behalf of local governments in India for such purposes and in such cases as the Governor-General in Council may prescribe, and

(3) to conduct such business relating to the Government of India hitherto conducted in the office of the Secretary of State in Council as may be assigned to him by the Secretary of State in Council. He is empowered to enter into contracts on behalf of the Secretary of State in Council. He is empowered to appoint his own staff.

The Indian States Department and the Indian Students Department have been transferred from the India Office to the High Commissioner. The High Commissioner for India has also the Indian Trade Commissioner attached to his staff to promote trade overseas. Indians who are stranded or destitute may also look to the High Commissioner for assistance.

Summary.

The sovereignty of India is vested in the King in Parliament.

The Indian authorities, who work in Great Britain, are (1) *the Secretary of State for India*, who is the constitutional adviser of the Crown, in whom are vested the powers of superintendence, direction and control of acts relating to the government or revenues of India and who is assisted and advised by (2) *the Council of India*. There is also (3) *the High Commissioner for India* acting as the agent of the Government of India in London.

Questions.

1. The general *control, superintendence, and direction* of the affairs of India vest in the Secretary of State for India. Explain the terms italicized, and show by examples how each of these functions is exercised. (C. U. 1932).
2. Describe the powers and duties of the Secretary of State for India. (C. U. 1934).

CHAPTER III

AUTHORITIES IN INDIA

CENTRAL GOVERNMENT

The Government of India

So far we have been discussing the functions, powers and the constitution of the various functionaries of the Government of India who work and reside in England. Directly subordinate to the Secretary of State for India is the Government of India.

Subject to the powers of superintendence, direction and control of the Secretary of State for India, and directly subordinate to him, the administration of India has been entrusted to a Central Government known otherwise as the Government of India. This government has two parts—the executive and the legislature.

The executive government or authority at the Centre is vested in the Governor-General and his executive council (more briefly the Governor-General in Council) as the legislative or law-making authority at the centre is vested conjointly in the Governor-General and the two houses of the Central Legislature.

In this chapter we shall study the Central Executive and in the next we shall discuss the Central Legislature.

We use the words Central Government, Central Executive and Central Legislature in order to indicate their central and all-India character and to distinguish them from the Provincial Governments, the Provincial

Executives and the Provincial Legislatures which are subordinate bodies and which have a purely local character working only within the territorial limits of the provinces.

The Office of the Governor-General

{The office of the Governor-General was created by the Regulating Act of 1773. He was then the Governor-General of Bengal who exercised certain powers of control and superintendence over the presidencies of Madras and Bombay. His authority was extended in 1784 and in 1793. By the Charter Act of 1833 the Governor-General of Bengal became the Governor-General of India. It was in 1853 that the Governor-General was relieved of his responsibility for the provincial administration of Bengal for which the office of a Lieutenant-Governor was created.*}

With the assumption of the sovereign powers of India by the Crown the Governor-General became also the Viceroy, being the representative of the Crown in India. In the famous Royal Proclamation of 1858 the Queen refers to Lord Canning as "*Our first Viceroy and Governor-General.*"

The Governor-General is appointed by the Crown on the advice of the Prime Minister. Though there is no statutory time limit for his tenure of office, in actual practice, the Governor-General holds office for a period of five years.}

The Central Executive

The Governor-General in Council

It has already been stated that the supreme executive authority in India is the Governor-General in Council, *i.e.*, the Governor-General and his Executive Council.

This {executive authority} is so all-powerful and all-pervasive and the legislature is so weak and helpless that the former is in *substance* the Government of India. When the Governor-General in Council is referred to as the

* Calcutta, however, remained the seat of the Government of India till 1912. In that year it was removed to Delhi. The more important offices go to Simla during summer months. That is why Simla is called the summer capital of India.

Government of India, no serious blunder is made) because it has not merely the sanction of usage but also of truth.

Powers and Duties

It should not be forgotten that (ordinarily the government of India is not carried on by an individual, *i.e.*, the Governor-General but by a committee, *i.e.*, the Governor-General in Council. Although the Viceroy is the leading member of the Council, he is only one of several members.)

The Powers of the Governor-General

(There are some powers which the Governor-General enjoys in his individual capacity and which are not shared by his council. These powers may be classified under three heads, namely, (A) *administrative*, (B) *financial* and (C) *legislative*.

A scrutiny of these powers will show that more questions are expressly left to the personal responsibility of the Governor-General than before 1919—the Governor-General being enabled to take action of supreme importance on his personal responsibility, overriding if necessary his Executive Council and also the Legislature, if he regards it as vital.)

The Position of the Governor-General

(The Government of India is vested not in the Governor-General alone but in the Governor-General in Council. It is only in extraordinary circumstances that the Governor-General assumes full responsibility for the administration of India and it is only then that he can override his executive Council.

Constitutionally speaking, the Government of India

is subordinate to the British Government and the Governor-General is merely an agent of the Secretary of State for India. But a Governor-General is no more a mere agent of the Secretary of State for India than a general in a field of action is the mere organ or mouth-piece of his government.) It is indeed true that the Governor-General is not ordinarily interfered with by the Secretary of State and a strong Governor-General may rule India like an autocrat.

A.—Administrative powers.

(1) *The Governor-General enjoys considerable powers with regard to high appointments in India.* He appoints Deputy Governors, Lieutenant Governors, the President of the Council of State, the Vice-President of his Executive Council, and Council Secretaries. Governors of Provinces other than Bengal, Madras and Bombay are appointed by the Crown after consultation with the Governor-General.

(2) *The Governor-General orders the general elections. Meetings of the Indian Legislature are summoned and prorogued by him.* He can extend the life of both chambers of the legislature beyond the normal period and can dissolve them earlier.

(3) *Though ordinarily the Governor-General is bound by the majority vote of his Executive Council he may override it if he thinks it necessary to do so for the "safety, tranquillity and interests of British India."*

(4) *The Governor-General enjoys the prerogative of mercy. He can grant, as the representative of the Crown (Viceroy), a free pardon or a pardon subject to conditions, to any offender convicted by any Criminal Court of Justice having jurisdiction in India.*)

B.—Financial powers.

(1) Clause (2) of sec. 67A of the Government of India Act lays down that "no proposal for the appropriation of any revenue

or money for any purpose shall be made except on the recommendation of the Governor-General." *The Governor-General alone is thus competent to propose expenditure of public revenues, although, this proposal may later come before the legislature for its approval.*

(2) If any question arises as to whether any proposal for appropriation of revenue or money does or does not fall under any of the heads enumerated as non-votable in the Government of India Act then the decision of the Governor-General on the point will be final.

(3) Power is vested in the Governor-General to *certify*, a money bill refused by the Legislative Assembly. This power of certification will enable the Government of India to collect a tax from the people even when it is opposed by the legislature. Lord Reading's certification of the Salt Tax is an instance in point.

(4) Any demand for grant refused or reduced by the Legislature may be restored by the Governor-General if he considers such restoration necessary.

(5) The Governor-General has, in cases of emergency, the power to authorise on his own responsibility such expenditure as, in his opinion, is necessary "for the safety or tranquillity of British India or any part thereof." The Legislature need not be consulted.

C.—Legislative powers.

(1) *The previous sanction of the Governor-General is necessary for the introduction, at any meeting of the Indian Legislature, of certain measures, e.g., those affecting the public debt or public revenues of India, the religion of any class of British subjects, foreign relations, etc.*

(2) Even when a Bill has been introduced in either chamber of the Legislature the Governor-General can by certifying that the Bill or any clause of it or any amendment thereto affects the safety and tranquillity of British India or any part thereof stop all further proceedings in the Legislature regarding it.

(3) The Governor-General can certify any Bill which has not been assented to by either house of the legislature but whose passage in his opinion is essential for the safety, tranquillity or interests of British India or any part thereof. The Bill will then become law with or without the consent of either house.

All measures enacted in this way must be laid before Parliament and assented to by His Majesty in Council (sec. 67B). The Princes' Protection Bill was certified in this manner and enacted into law in 1922.

(4) *The Governor-General can veto or send back for reconsideration any Bill passed by the Central Legislature or by the provincial legislatures.*

(5) A Bill passed by both chambers of the Indian Legislature or by any provincial legislature does not become an Act until the Governor-General has declared his assent to it.

(6) *The Governor-General can, for the peace and good government of India, promulgate ordinances, having the force of law, for a period not exceeding six months.*

(7) The Governor-General may reserve for the consideration of the Crown any Bill passed by the Legislature, any such Bill lapsing if the assent of the Crown be not signified through His Majesty in Council within six months.

The Governor-General's Executive Council

(*"The Government of India is governed not by an individual but by a Committee,"* said Lord Curzon. *"The Viceroy is the leading member of the Indian Government but is only one of several members."*) The Governor-General is assisted in his work by a Council since the days of the Regulating Act. But the number of his advisers has increased with the increase in volume of work.

Composition of the Council

(The number of members composing the Governor-General's Council is not fixed by the Government of India Act. The Governor-General's Council to-day consists of 8 members including the Viceroy and the Commander-in-Chief. Three of the members are Indians though there is no legal bar to all the members being Indians.)

The members of the Council are appointed by the King-Emperor on the advice of the Secretary of State. Three at least of them must be persons who have been for at least 10 years in the service of the Crown in India and one must be a Barrister of England or Ireland or a Scottish Advocate or a pleader of an Indian High Court of not less than 10 years standing.

Powers and duties

*The powers and duties of the Governor-General in Council have been defined in section 33 of the Act, as those of *superintendence, direction and control of the civil and military government of India* but the Government of India itself is required under the same section to pay obedience to all such orders as may be received from the Secretary of State. *The Governor-General is bound by the decision of the majority of his Council in ordinary circumstances.* But in matters involving "the safety, tranquillity or interests of British India" he can override the majority decision.)*

The departmental system

Originally, every item of business was placed before every member of the Council by which all questions were decided collectively. But as work increased this method was found to be inadequate and so, after India became a direct charge of the Crown, the departmental system was introduced by Lord Canning. As Sir John Strachey has said "the members of Council are now virtually Cabinet ministers, each of whom has charge of one of the great departments of the Government. *Their ordinary duties are rather those of administrators than of coun-*

cillors. The Governor-General regulates the manner in which the public business shall be distributed among them.”)

The Report of the Royal Commission on Decentralization in India says :

In regard to his own Department, each Member of Council is largely in the position of a Minister of State and has the final voice in ordinary departmental matters. *But any question of special importance*, any matter in which it is proposed to overrule the views of a local government, *must ordinarily be referred to the Viceroy.* Any matter originating in one Department which also affects another must be referred to the latter, and in the event of the Departments not being able to agree, the case would have to be referred to the Viceroy.

Meeting of the Executive Council and its procedure

“The members of Council meet periodically as a Cabinet—*ordinarily once a week*—to discuss questions which the Viceroy desires to put before them, or which a Member, who has been overruled by the Viceroy, has asked to be referred to the Council. The Secretary in the Department primarily concerned with a Council case attends the Council meeting for the purpose of furnishing any information which may be required of him. If there is a difference of opinion in the Council the decision of the majority ordinarily prevails, but the Viceroy can overrule a majority if he considers that the matter is of such grave importance as to justify such a step.”)

Decentralization Committee Report.

The Departments of the Government of India

Foreign and Political Department

This is a composite Department.

The Foreign Department deals with external politics and is in charge of the relations of the Government of India with the neighbouring foreign powers such as Afghanistan or Persia. It has also to advise the British Government on the latter's Asiatic policy so far as it may relate to India.

The Political Department primarily looks after the relations between the British Government as the paramount power in India

and the various native states of India. The Chiefs' Colleges, the Imperial Service Troops and other cognate matters are dealt with by this Department.

The Foreign and Political Department also deals with the frontier tribes. The department exercises direct control over the administration of Ajmere-Merwara and British Baluchistan.

This Department is under the Viceroy, who is assisted by two Secretaries, one in charge of the Foreign and the other in charge of the Political Department.

Home Department

The Home Department is responsible for the *general internal administration of British India*. The control of the Indian Civil Service, the administration of Law and Justice, of Police, Jails and Penal settlements, and internal politics are within the province of this department. This department is under the administrative control of the Home Member.

Legislative Department

This department is in charge of examining all proposed legislation and of drafting Bills. This department is under the Law Member who advises the Government on all matters involving questions of law.

The Department of Railways and Commerce

The Department of Railways and Commerce deals with the Indian Railways, Indian Shipping, Indian trade and tariffs, commerce and commercial intelligence, statistics, etc. The department is growing in importance.

The Department of Industries and Labour

Another department of equal importance is the Department of Industries and Labour. This is concerned with Labour, Factories, Posts, Telegraphs, Public Works, Irrigation, Civil Aviation, Meteorology and industrial development of the country.

The Department of Education, Health and Lands

This department deals with subjects most of which are administered immediately by provincial governments. The department is primarily concerned with researches in Public Health and

Agriculture and with the co-ordination of the policies of the provincial governments with regard to education, land revenue, the veterinary, agricultural and medical services, forests and famines. The department is also responsible for the survey of India.

The Finance Department

This department is a very important one because it is concerned with the general administration of central finance. The Finance Department is regarded as the pivot upon which the wheel of administration revolves because administration requires a huge expenditure of money. The Finance Department is responsible for the collection and apportionment of revenues. The Finance Member is the guardian of the revenues of the country and has to keep close watch over the expenditure of all departments of the Government.

The Army Department

"The Army Department transacts all business connected with the administration of the Army." This department is under the Commander-in-Chief who is a member of the Viceroy's Council. *"He is the sole military adviser to the Government of India."*

The Secretariat and the Position of the Secretary

"Each departmental office is in the subordinate charge of a Secretary." There are, however, two Secretaries now in the Foreign and Political Department. Under the Secretaries there are the Deputy Secretaries, the Under-Secretaries and the Assistant Secretaries. Each department has got its full complement of subordinate officials—the Registrars, Superintendents, and assistants both of the higher and lower grades. The detailed work of the Governor-General in Council is done by the Secretariat. While the Executive Council formulates policies, it is the duty of the officials of the Secretariat to execute them.

The position of a Secretary to the Government of India in charge of a Departmental office:

A Secretary to the Government of India holds a position similar in many respects to that of a permanent Under-Secretary in England. "It is the duty of the Secretary to place every case, before the Governor-General or member in charge of his department, in a form in which it is ready for decision. He submits

with it a statement of his own opinion." He attends on the Viceroy usually once a week and discusses with him all matters of special importance. When he considers that in any matter the Viceroy's "concurrence should be obtained to action proposed by the departmental Member of Council" he has the right to bring such matter to the special notice of the Viceroy. A Secretary attends a Council meeting when it discusses any case relating to his department. The tenure of the Secretary's office is generally three years. It should be noted that on these points, that is, regarding his access to the Viceroy, attending the council meetings and the tenure of his office, a Secretary's position is superior to that of a permanent Under-Secretary in England who has no direct access to the Prime Minister and cannot attend a meeting of the Cabinet.

Summary.

The Governor-General and Viceroy of India is the chief and the leading member of the Executive Council known as the Governor-General's Council. In the Governor-General in Council are vested the powers of the civil and military government of India.

The Government of India is a unitary one and is subordinate to the Secretary of State whose orders are to be obeyed.

The Governor-General's Council is composed at present of 8 members, including the Viceroy and the Commander-in-chief.

Ordinarily, a decision of the majority of the Council is binding on the Governor-General. The Governor-General can, however, override his Council under special circumstances. The Governor-General enjoys large powers—administrative, financial and legislative.

Questions.

1. What are the powers and functions of the Governor-General of India?
2. Briefly describe the constitution and functions of the executive council of the Governor-General.

CHAPTER IV

CENTRAL GOVERNMENT

THE LEGISLATURE

We have described before the organisation and functions of the central executive in the Government of India. We shall refer now to the Central Legislature—the Indian Parliament.

The Position of the Indian Legislature

(The legislative authority in India is vested jointly in the Governor-General and in the two Houses of Legislature, namely, the Council of State and the Legislative Assembly.)

The Indian Legislature is a non-sovereign subordinate law-making body because the sovereign powers are enjoyed by the British Government. The British Parliament as the sovereign law-making body has the power to legislate for India. We have seen that the constitution of India is embodied in an Act of the British Parliament. But after laying down the constitution Parliament ceases to exercise its law-making power in respect of India so far as the latter's internal affairs are concerned. (*The Indian Legislature has to work within limits prescribed by Parliament and subject to the legislative powers of the Governor-General.*) These limits have severely restricted the scope and powers of the Indian Parliament so much so that it has been derisively referred to as a mere toy Parliament. The internal affairs of India are regulated by laws passed by the Indian legislature.

Its history

The Indian legislature in its origin was merely the expansion of the Governor-General's Executive Council. In 1833, we have seen, the Executive Council was enlarged by the addition of a Law Member. An important advance took place in 1853 when the Council was enlarged and the meetings were public. The government had to explain its conduct and to defend itself against criticism. In 1861 the number of members was further increased and it was laid down that one half of the additional members should be non-officials. The non-officials members, however, were nominated by the Governor-General. So the importance of the change lay in the selection of a small number of *Indians* who were for the first time given the opportunity to advise and criticise the government. In 1892 the number of additional members was further increased but the principal change effected was with regard to the method of nomination. There was no direct election still. The Act of 1909 which introduced what are known as Minto-Morley Reforms made a fresh advance and provided for the election of members. It may be mentioned that this Act also introduced the principle of communal representation which has engendered so much trouble in Indian politics. The Act of 1909 gave the members the right of discussing the annual financial statement and also matters of general public interest. It also gave them the right of asking questions. Further, supplementary questions could be asked for the purpose of drawing out any fact over which a request for information was already made. The Act of 1919 made some important changes in the constitution of the Indian legislature. The Legislature now was no longer a mere extension of the Governor-General's Council but became a separate body altogether with its own rights and duties. Its size has been increased. Members of the Legislature are mostly elected now. It should, however, be mentioned here that out of a population of 247 millions (British India) only 7·4 millions are enfranchised.

The composition of the Indian Legislature

(The Indian Legislature is a *bi-cameral* one. It consists of two chambers. These are the *Legislative Assembly* and the *Council of State*.)

The Legislative Assembly

(The lower chamber of the Indian Legislature is the Legislative Assembly. In every country where the legislature is bi-cameral it is the lower house which is more important because it represents the general body of the people, or at least, a larger number of persons than the upper house, which represents only the rich and aristocratic classes in society. The lower house is also generally more liberal and democratic in its views.

(The Legislative Assembly has a total strength of 145 members of whom 104 are elected and 41 nominated. Of the 41 nominated members 26 are government officials and 15 are non-officials. The nominations are made by the Governor-General of India.)

(The Assembly elects its President from amongst its members.

(The life of the Assembly is 3 years. But the Governor-General can dissolve it sooner or extend its life beyond three years if he thinks it necessary.)

The Council of State

(The upper or the second chamber of the Indian Legislature is known as the Council of State. The Council of State is intended to be a body of elder statesmen of ripe experience and of great dignity who will act as a revising authority over measures passed by the lower house.

The Council of State is composed of 60 members. Out of 60 members 33 are elected and the rest are nominated. Of the 27 nominated members not more than 19

are to be officials, the rest are non-officials nominated by the Governor-General.

The President of the Council of State is appointed by the Governor-General. The life of the Council of State is five years but, as in the case of the Assembly, the Governor-General can dissolve it sooner or extend its life beyond five years. }

The Process of Legislation

Ordinary Process :

{ In all civilised countries there is only one process of legislation, the ordinary process, which leaves law making entirely to the legislature as in Britain, France, U. S. A. But in India the executive dominates government to such an extent that it can usurp the functions of the legislature through extraordinary processes of its own. }

A Bill, before it becomes a law, has first to be passed by both Houses of Legislature and then assented to by the Governor-General. }

Extraordinary process :

In other countries none but the legislature, as representing the people, is competent to make laws. But in India (a) when either or both chambers of the Indian Legislature refuse leave to introduce or to pass any Bill in a form recommended by the Governor-General the latter may certify it and the Bill becomes an Act over the head of either or both chambers of the Indian Legislature. }

(b) { On the proposal of a local government the Governor-General in Council may make regulations having the force of law. }

(c) *The Governor-General can also promulgate Ordinances for not more than six months for the peace and good government of British India and any ordinance so made will have the effect of a law passed by the Indian Legislature.)*

Powers of the Legislature

In countries with parliamentary government as Britain and France, the legislature or the parliament is supposed to govern or dominate and the executive is and must remain subordinate to it. This is only natural because the legislature is an assembly of the people or of their representatives and it is the nation's will that finds expression in the legislature. On the other hand, the executive is merely a body of public servants paid and maintained by the people to carry out their will and in order that this will may be properly carried out it is necessary that the executive should be under the control of the legislature.

In such countries, therefore, the legislature has not merely (1) the fundamental and unquestioned right to make the laws of the country but also the two other important rights (2) to control the finances (since it is the people's money, the people through their representatives in the legislature shall have the right to say how the money shall be raised and how it shall be spent) and (3) to control the executive (to choose the servants and to remove them from office when they cease to enjoy their confidence). }

A. Law-making powers

Under section 65 of the Government of India Act the Indian Legislature has power to make laws

(a) *for all persons, for all courts and for all places and things, within British India ;*

(b) *for all subjects of His Majesty and servants of the Crown in other parts of India (i.e., in the Indian States) ;*

(c) *for all native Indian subjects of His Majesty without and beyond as well as within British India ;*

(d) *for all persons employed in His Majesty's Indian troops and the Royal Indian Marine Service wherever they are serving in so far as they are not subject to the Army Act ;*

(e) *for repealing or altering any laws which are in force within British India or which apply to persons for whom the Indian Legislature has power to make laws.*

Limits imposed on the law-making powers of the Legislature

(1) *The Indian Legislature has no power to alter or repeal any Act of the British Parliament extending to India unless it is authorised to do so by Parliament.*

(2) *Nor can it pass any law which affects the authority of Parliament or of any British constitutional law or of the sovereignty of the British Crown over British India.*

(3) Besides these general restrictions the Act of 1919 makes it unlawful to introduce into the Indian Legislature, without the previous sanction of the Governor-General, any measure affecting (a) the public debt or revenues of India, (b) the religion or religious rights of British subjects in India, (c) the discipline and (d) foreign relations.

(4) Nor is it lawful without the previous sanction of the Governor-General to introduce into the legislature any measure (i) regulating any provincial subject which has not been declared

under the Act of 1919 or under the Devolution Rules as subject to legislation by the Indian Legislature or (ii) repealing or amending an Act of a local legislature or (iii) 'repealing or amending any Act or Ordinance made by the Governor-General.

(5) The Governor-General can also prohibit the discussion of any matter whose discussion in his opinion affects the safety or tranquillity of British India. Again even when a Bill has been passed by both the Chambers the Governor-General can send it back to the legislature for reconsideration.

(6) The authority of the legislature again is greatly limited by the law-making powers enjoyed by the executive described already under Extraordinary Process of Legislation, i.e., *certification, regulation and ordinance*.

(7) The Governor-General can *veto* any Bill passed by the legislature.

B. Financial powers

In all countries enjoying political liberty the control of the finances of the state is vested in the legislature as the guardian of the interests of the people. As the people pay taxes, their consent has to be obtained, through their representatives, as to how the taxes are to be realised and how the money so realised is to be spent.

In India, it will be seen, in the lines following, that the financial powers, like the law-making powers, of the legislature, are not real.

The Budget

Under sec. 67A (1) the estimated annual expenditure and revenue of the Government of India is laid in the form of a statement before both Chambers of the Indian Legislature in each year. This estimate is known as the Budget. But the control of the legislature over the Indian budget is really very small.

Restrictions on the financial powers of the Legislature

(1) Revenues

The revenues are derived mainly from taxation. The proposals for taxation are embodied in a Bill known as Money Bill.

In order that the taxes may be levied, this Bill has ordinarily to be passed by the Legislature.

The Governor-General, as we have already seen, is empowered to certify a Bill; so a Money Bill may also be certified and even against the wishes of the Legislature.

If the Governor-General in Council is satisfied that any demand which has been refused by the legislature is essential to the discharge of his responsibilities then he can restore the grant by certification.

(2) Expenditure

All proposals for the expenditure of public revenues should be submitted to the vote of the Legislature in the form of demands for grants as is done in Britain and France. But in India important items of expenditure for defence, political and ecclesiastical purposes, interest on loans, certain salaries and pensions are non-votable.

Only a few unimportant items of expenditure (amounting to roughly one-fifth of the total expenditure) are placed before the Legislature for its sanction or vote. With regard to these small items the Legislature may assent to, refuse or reduce a demand for grant. But even in this narrow field the Legislature's decision is not final. The Governor-General by mere certification can restore any grant cut down or rejected by the legislature on the plea that such restoration is essential to the due discharge of his responsibilities.

Moreover, to cut the whole thing short, the Governor-General has been empowered in cases of emergency to authorise on his sole responsibility any expenditure he considers necessary for the safety, tranquillity or interests of British India or any part thereof. This brings us in extreme cases to one man rule, unthinkable in countries like Britain and France. The British and the French Parliaments did not cease to function even in war-time.

C. Control of the Executive

The legislature, in free countries, controls the executive by the right it enjoys of choosing and removing it.

* The executive is a body of public servants maintained at public expense to look after public interests. When

the legislature, as the guardian of public interests, finds the executive doing any wrong, it can censure and remove the executive. The legislature controls the executive as any householder would control his own servant by scolding or censuring or by dismissing the servant.

The control of the Indian Legislature over the executive is, however, non-existent. The Government of India are not responsible to the Indian Legislature for their administration of the country. They are responsible to the Secretary of State for India. The executive is not chosen by the Indian Legislature. The Legislative Assembly being a popular body may exert a pressure, which is not very strong, over the executive by criticising the actions of the government and by asking questions which might be embarrassing to the executive. But the resolutions of the legislature which are expressed in the form of recommendations to the Governor-General in Council have no binding force. The executive can ignore them with impunity. If it were a form of parliamentary government the executive would have resigned as soon as it lost the confidence of the Legislative Assembly. But a vote of censure by the Indian Legislature, even if it were passed, would not, in the least, affect the present Government of India.

Summary.

The law-making authority in India is vested jointly in (1) the *Governor-General* and (2) the *Legislature* consisting of (a) the Council of State and (b) the Legislative Assembly. The aristocratic Council of State, whose life-time is 5 years, is a house of 60 members, of whom 33 only are elected. The more democratic Assembly, with a shorter life-time of 3 years, has the large

membership of 145 of whom 104 are elected. The rest are *nominated* officials and non-officials. The President of the Assembly is elected for 3 years.

The law-making and financial powers of the legislature are limited by large over-riding as well as initiating powers vested in the executive. The control of the legislature over the executive is nil.

Question.

1. Describe the constitution and functions of the Central Legislature in India. (C. U. 1926).

CHAPTER V

1 CENTRAL AND PROVINCIAL SUBJECTS

In theory and law the Government of India is a unitary one. *The superintendence, direction and control of the civil and military government of India is vested in the Governor-General in Council who is to pay due obedience to all orders from the Secretary of State for India.*

Yet administrative convenience demands that there should be some distribution of functions between the Central and the Provincial Governments. Such a distribution has been existing for a long time. Subjects of all-India concern and having an all-India importance (*the defence of India, posts and telegraphs, currency and coinage, tariffs, relations with Indian states, etc.*) were administered by the Government of India while the provincial governments were entrusted with local administration, the maintenance of order, the administration of justice, education, local self-government, medical relief, sanitation, etc.

The provincial governments, however, acted as the agents of the Central Government and were subject to the latter's control in various ways.

"The Government of India has supreme and undivided authority subject, of course, to the Home Government. It is a unitary and not a federal government. The local governments are its agents and they derive their various powers from it"—thus wrote Sir T. W.

Holderness several years ago and the words he wrote though substantially true are not literally true to-day.

For even though under the present Reforms the Government of India is a unitary one it bears in its bosom the seeds of a federation. Moreover, though the Provincial Governments are its agents even to-day in some spheres, they are not the mere agents of the Central Government in all spheres. By the rules made under section 45A of the Government of India Act the distribution of functions has now been made more definite. The Provincial Governments to-day derive most of their powers from the same Act—the Act of 1919—from which the Central Government derives its own powers.

The following is a list of the more important subjects reserved to the Government of India and subjects which are not so reserved are administered by the Provincial Governments.

Central Subjects

- (1) Defence of India.
- (2) External Relations and Relations with the Indian States.
- (3) Posts, Telegraphs, Telephones and Wireless installation.
- (4) Railways and Aircraft.
- (5) Shipping and Navigation.
- (6) Major Ports of India.
- (7) Commerce including banking and insurance.
- (8) Customs, cotton excise duties, income-tax, salt and other sources of central revenues.
- (9) Currency and coinage.
- (10) Public debt of India.
- (11) Savings Banks.
- (12) Audit.
- (13) Census and Statistics.
- (14) All India Services.
- (15) The Public Service Commission.

A list of the provincial subjects will be found on page 238.

Summary.

Subjects of all-India concern and having an all-India importance have been classified as central subjects and have been kept in charge of the Government of India, *e.g.*, *defence of India, railways, posts and telegraphs, currency, etc.* Subjects of provincial concern and of provincial importance have been classified as provincial subjects, *e.g.*, *land revenue, local self-government, education, medical relief, etc.*

Question.

What do you understand by Central and Provincial subjects? Enumerate some of them. (C. U. 1928).

CHAPTER VI

INDIAN STATES

Legally and politically there is not one India, but two. There is British India and there is Indian India—the India of the Native States.

British India is directly under the Indian Government with the ultimate control and authority vested in the British Government. (‘Indian India is not a British possession but a group of British protected States—its inhabitants are not British subjects.’)

Area and Population

(The Indian States which are 550 more than in number have an area roughly 40% of the total for the whole of India.) They are much less densely populated and can claim only 23% of the total Indian population.

The administration

(Of the Indian States Mysore takes the lead in political and economic progress and is well-governed. Other important States are Hyderabad, Baroda, Gwalior, Kashmir, Bhopal, Travancore, Bikanir and Jaipur.)

The administration of the Indian States, of whom the great majority are very small, is commonly backward and oppressive. The revenues of the States go largely to maintain the pomp and luxury of the ruling princes and their courts. The administration is sometimes so inefficient that the Viceroy or his representatives in the States, the *political officers*, have ample ground for intervention.

They are however not checked or interfered with so long as they are loyal or subservient or there is no actual outbreak of rebellion on the part of their subjects.

The Status of Indian States *

(In theory the Indian princes are absolute rulers of their states and the states are sovereign except in so far as their sovereignty has been impaired by their relations of 'subordinate co-operation' with the British Crown which is the Paramount Power in India.)

(They are in permanent and indissoluble alliance with the British Crown by *treaties and agreements* which define their rights and obligations.

Their loyalty and allegiance is to the British Crown to which they have entrusted their defence and protection and the conduct of their foreign affairs. They cannot make wars nor are they permitted to enter into any relations directly with a foreign power. Their succession has to be approved by the Crown and the princes can be deposed in cases of gross incompetence or of disloyalty.)

« The Indian States present a remarkable variety in size and jurisdiction. The chieftainships have only a few areas of land with little jurisdiction of their own excepting the right to collect revenue of a few thousand rupees a year.)

(The biggest states, on the other hand, are as big as some of the British Indian provinces managing their own internal affairs, administering their own laws through their own courts with powers of life and death over their own subjects, having their own police and prisons, managing their own finances, railways, and post offices, minting their own money and maintaining their own

| * Nepal is an independent Hindu State friendly to the British but not in any way subordinate to it.

'little' armies. There is, as a rule, a British Resident or other Agent whose duty it is to offer advice to the Ruler and to report to the British authorities. In practice the British Resident or the Agent is the virtual ruler of the state.

There is always the right of the Crown to intervene in the administration of the Indian States. Intervention may take place by the British Crown as paramount power (1) in British imperial interests, (2) in the interests of the Rulers and (3) in the interests of the states subjects.)

The Narendra Mandal

{ Questions affecting the states and questions of common interest are discussed in the Narendra Mandal (The Chamber of Princes) constituted in 1921. Membership of the chamber is optional but all the ruling chiefs have not the right to attend its meetings.)

{ It has an elected Chancellor (now the Maharaja of Patiala) and an elected Standing Committee of six members.)

{ Of late the Princes' Chamber has been pre-occupied with the future status of the Indian Princes in the proposed All-India Federation. Their apprehensions are two-fold—(a) the fear of the British Indian politicians who might, when they come into power, bring political and economic pressure on them to force them to reform their administration; and (b) the fear of the increasing power of the British political officials who have, in recent years, intervened in the administration of Nabha, Hyderabad, Kashmir and Alwar in a manner unwelcome to the Princes concerned. It is suggested that the right to intervene has been used in some cases immoderately or unnecessarily and should be limited to clear cases of gross mismanagement.

The fears of the Princes are well-founded because they know that by their misgovernment they furnish very good grounds for British intervention and for popular agitation for reform.

Their future status and the new constitution

{ Under the New Constitution it is proposed that the States should have direct relations with the Crown through the Viceroy

—it means that, British control over them remains unimpaired. But in certain specified matters of common interest the Indian States will work in a federation with British India. The federation proposed is between an autocratic Indian India and a democratic British India. British India does not gain by the Princes' entry into the federation because the Princes surrender none of their present powers and privileges—rather British India loses because it comes under the control of reactionary Indian princes. The Princes will dilute its democracy.

The Princes gain because they secure control in a field where they had none before.

Summary.

Legally and politically there is not one India, but two. There is British India and there is Indian India—the India of the Native States.

The administration of the Indian States is commonly backward and inefficient.

The *status* of the Indian states is one of '*subordinate co-operation*' with the British Crown which is the Paramount Power in India and with whom they are indissolubly bound by treaties and obligations.

All the states are not of equal status. The Crown can intervene in their administration in the imperial interests, in the interests of the Princes and in the interests of the states subjects. In cases of disloyalty or gross incompetence the princes can be deposed by the British Crown.

The Princes have an organisation known as the Narendra Mandal.

Questions.

1. Discuss the status of the Indian states.
2. State the circumstances in which the Crown can intervene in the administration of the Indian states.
3. Write notes on :

Paramount Power, Narendra Mandal (Chamber of Princes), The Princes and the Federation.

CHAPTER VII

THE PROVINCIAL ADMINISTRATION

Governors' Provinces

The Government of India Act of 1919 created five new governors' provinces—these being the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam. Two more provinces were added to the list of governors' provinces—Burma in 1922 and the North Western Frontier Province in 1932. These provinces, like the three presidencies of Bengal, Madras and Bombay, are administered by Governors assisted by executive councils and ministers.* There are thus altogether ten Governors' provinces.†

The authors of the Act were of opinion that progress in giving effect to the policy of Parliament to realise progressively responsible government in British India could only be achieved by successive stages. *They, therefore, pointed out in the preamble of the Act the expediency of granting to the provinces in provincial matters the largest measure of independence of the Government of India which is compatible with the due discharge by the latter of its own responsibilities. It is,*

* In the N. W. F. Province there is provision for only one executive councillor and one minister.

† The areas, namely, British Baluchistan, Delhi, Ajmere-Merwara, Coorg and Andaman and Nichobar Islands, which are outside the boundaries of the ten governors' provinces are each under a Chief Commissioner. It is, however, the Government of India which is responsible for the administration of all subjects in these areas, the local executives being merely agencies of the Government of India. Excepting Coorg, none of the above-mentioned areas has a Legislative Council.

therefore, in the provincial government that the first step in the direction of responsible government has been taken.*

But although the provinces were, to a certain extent, made independent of the Government of India, *it must not be supposed that they were handed over to the control of the representatives of the people.*

The authorities argued that the setting up of provincial legislatures for the first time with a majority of members directly chosen by an inexperienced and largely illiterate electorate was in itself a great advance over the Morley-Minto Reforms. They added, if the administration of all departments—including the Police, the Magistracy and the Revenue—was handed over to people inexperienced in the administration of their own affairs, there might be disaster.

This latter argument is based on a distrust of the capacity of the people for governing themselves. But

*** Provincial Autonomy**

Provincial autonomy means the independence of the provincial governments in their own spheres of administration, legislation and finance.

Formerly the provinces were entirely under the superintendence, direction and control of the central authorities. The demand of the Home Rulers was autonomy or independence for the provinces. *Provincial autonomy thus implies abolition of central control—the control of the Secretary of State and of the Government of India in provincial matters.*

The Reforms of 1919 instead of granting provincial autonomy provided for dyarchy and partial relaxation of central control, e.g., *in the transferred field of administration.*

The Simon Commission, the Round Table Conference and the White Paper proposals recommend Provincial Autonomy.

The demand for provincial autonomy is part of the demand for responsible government in the country. We demand not merely the abolition of outside control in provincial matters, it is also our demand that this outside control be substituted by popular control in the provinces over every part of the provincial administration. This would necessitate the transfer of all provincial subjects to ministers who would be responsible to the provincial legislature and to none else.

the government was committed, by the August Declaration of 1917, to the principle of progress ; so, some advance had to be made.

The Division of Subjects

A halfway house which represented a *compromise between the principle of caution and that of progress* was set up. Accordingly, not all, *but only those subjects were given over to popular control which could be so transferred without endangering the safety of the British Administration in India.* The method followed was to sub-divide those subjects which had been classified as provincial into "*transferred subjects*" and "*reserved subjects*". The administration of the transferred subjects is known as the transferred half of the administration as the administration of the reserved subjects is known as the reserved half of the administration.

Transferred Subjects

Transferred subjects are those provincial subjects for whose administration power, control and responsibility have been transferred from the British people to the Indian people, *e.g.*, education, medical relief and sanitation in the provinces. The Britisher no longer holds the power nor is he responsible for the administration of these subjects. The Indian has secured the control and on him has been imposed the responsibility of the administration.

These subjects have been accordingly removed from purely official administration and placed in the charge of Indian ministers who are subject to popular control and responsible to the popularly elected provincial legislatures to whom ~~they~~ are answerable for what they do.

Reserved Subjects

Reserved subjects, as distinguished from the transferred subjects, are those provincial subjects for which power, control and responsibility have been reserved in British hands, e.g., police, provincial finance. These subjects apparently cannot be trusted by the Britisher in Indian hands.

These subjects are still under purely official administration, i.e., the Governor and his Executive Council over whom the people have no control. Since the control and responsibility are reserved in the hands of the British Parliament the Governor in Council is responsible to that body for the administration of these subjects. This responsibility is discharged by the Governor in Council through his superiors the Governor-General in Council and the Secretary of State for India.

The Provincial Subjects.

The following is a list of the important provincial subjects classified under the two heads Reserved and Transferred.

Reserved:

1. Land revenue administration.
2. Famine Relief.
3. Forests (in Bombay and Burma).
4. Administration of Justice.
5. Police.
6. Prisons.
7. Finance and Local Audit.
8. Irrigation and Canals.
9. Factory inspection, Labour Disputes, Industrial Housing.
10. European Education.

Transferred:

1. Local Self-Government.
2. Medical relief and administration.
3. Public Health and Sanitation.
4. Education of Indians excepting the Universities of Benares and Aligarh.
5. Public Works.
6. Agriculture and Fisheries.
7. Co-operative Societies.
8. Excise (not in Assam).
9. Registration.
10. Development of Industries.

Summary.

There are altogether ten governors' provinces including the three presidencies of Bengal, Bombay and Madras.

The provincial subjects have been divided into (1) reserved, *e.g.*, land revenue and (2) transferred, *e.g.*, education, medical relief, etc.

Questions.

1. Outline the main features of the constitution of an Indian province under the dyarchy. (C. U. 1928) 241 .
2. How far under the Government of India Act has responsibility been introduced into the provincial governments of India? (C. U. 1926).
3. Explain clearly transferred and reserved subjects in Indian provinces. Enumerate the principal transferred subjects in Bengal. (C. U. 1928).
4. What is Provincial Autonomy? Mention its chief characteristics. (C. U. 1939).

CHAPTER VIII

THE PROVINCIAL EXECUTIVE

The scheme of the Reforms is that in each province the Executive should consist of two parts.

By sec. 46 (1) of the Government of India Act, the government of a province is committed, in relation to the reserved subjects, to the Governor in Council, and in relation to the transferred subjects, to the Governor acting with ministers.

This dual government is known as dyarchy.

The two sides of the Government meet and consult on more important matters of policy. But as yet practice is not uniform as regards their collective action. Rather it should be stated here that since the Ministers are not constitutionally responsible for the reserved half of the administration they are neither required to agree to nor to defend the actions and measures of the Reserved side of the Government.

A. The Governor in Council

One part of the provincial government comprises the Governor and his Executive Council—composed, in practice, of an Indian element of non-official origin and a British official element belonging to the permanent Civil Service of the country.

Composition of the Council

The members, who shall not exceed four, are appointed by the King-Emperor. Of these, one, at least, must be in the service of the Crown in India for not less than 12 years. The Act is silent about the number of Indians who can be appointed Executive Councillors—apparently there is no legal bar against all the members being Indians.

But, in practice, in each of the three presidencies the Executive Councillors are four in number of whom two are Indians. In each of the six remaining provinces, there are two Executive Councillors of whom one is an Indian. In the N. W. F. P. there is only one Executive Councillor who is a European. The Reserved side of the Provincial Government is thus partly in Indian hands, but it will be presently seen that it is entirely outside Indian control.

The Executive Council and the Legislature

The Executive Councillors are *ex-officio* members of the provincial legislature. They hold office, usually for a period of five years, and are given salaries, which are not subject to the vote of the Legislative Council.

They have thus been made independent of the control of the Legislature. This has been done deliberately because they are not intended to be responsible for their administration to the local legislature. *Placed in charge of reserved subjects, they are responsible to the Secretary of State for India and through him to the British Parliament for the proper administration of those subjects.*

The Executive Council and the Governor

The Governor presides at the meetings of the Executive Council and has a casting vote. Ordinarily, the decision of the majority is binding on the Governor but *in extraordinary circumstances*, the Governor can override the majority decision if he is of opinion that the *safety, tranquillity or interests* of his province will be adversely affected if the majority decision is to stand.

The Governor and his Executive Council are subject to the powers of superintendence, direction and control vested in and exercised by the Governor-General in Council.

B. The Governor acting with the Ministers

The other part of the Provincial Government consists of the Governor acting with the Ministers.

There is no specified limit to the number of ministers to be appointed but the practice is to have three ministers in each of the three presidencies, in the U. P. and the Punjab and to have two ministers in the other four provinces.

The ministers have an equal political status with the members of the Executive Council—they are all members of the government. The ministers are to be paid the same salary as the executive councillors unless a smaller salary is voted for them by the Legislature.

The ministry—its composition

Ministers are appointed by the Governor of the Province. They must not be persons already in the service of the Crown and must be, or must, within six months of their appointment as ministers, become elected

members of the Legislative Council. The Governor's choice is thus restricted by the popular choice.

In theory, ministers hold office during the Governor's pleasure, but in practice, they hold office during the pleasure of the Legislative Council.

The transferred side of the Provincial Government is thus entirely in Indian hands.

Ministers and the Legislature*

The ministers are in charge of subjects, which, the British Parliament thought, could, with safety, be transferred to popular control. This control is exercised on behalf of the people by the provincial Legislative Council, in which there is a majority of elected members.

The control over ministers is exercised by the legislature through its power to reduce or to refuse ministers' salaries, to censure their administration and to refuse grants of money necessary for the proper functioning of their departments. Thus the ministers are made dependent on the legislature and ministers continue in office so long as they command the confidence of a majority in it.

*** The causes of ministerial instability in Bengal**

The support given by the Bengal Legislative Council to the ministry has been fickle and non-continuous. Sometimes, the legislature has totally refused the demand for ministers' salaries; on the other hand, on one occasion the legislature itself requested the Governor to appoint ministers. Most ministries have been short-lived. The shortest life as minister was that of Sir Abdur Rahim who could not work even for a week.

The frequent changes in ministry or *ministerial instability* may be attributed to the following causes :

(1) The ministers in trying to work dyarchy, which had been condemned on all sides, could never make themselves popular. Financially handicapped, as they were, they could show but little achievement in their administration of the transferred subjects and thus were easily open to the attack of their critics.

Ministerial responsibility

The responsibility of the ministers to the legislature is known as *ministerial responsibility*. It is also known as responsible government.

Ministerial responsibility or responsible government exists only in the transferred field of the provincial administration. In the reserved half of the provincial administration as also in the central administration the executive is not responsible to the Indian legislatures.

Ministers and the Governor

In the reserved half of the Government, the Governor takes part in all deliberations of the Executive Council and 'shares to the full and in every detail' the responsibility for its decisions.

But it is otherwise in the transferred half of the executive administration. In this part of the administration the Governor is guided by the advice of his ministers, unless he sees sufficient cause to dissent from

(2) Another cause has been the absence of a strong, well-disciplined party ready to work the constitution and able to secure a majority in the legislature. The only party in the Council with a discipline and organisation was the Swarajist Party. But the Swarajist party was pledged from the beginning to destroy the constitution and not to work it.

(3) Ministers, under such circumstances, are dependent on the support of the votes of officials. They work in close relation with the reserved half. Not unnaturally, therefore, have they been regarded as "government men" as distinguished from "people's men".

(4) To these causes must be added the personal ambitions and jealousies of leaders of the various small, disconcerted groups, all of whom want to be ministers. By exploiting largely these personal ambitions and jealousies the determined Swarajist opposition was easily able to break through the defence of any ministry that was formed.

With the withdrawal of the Swarajist party from the legislature ministerial stability has been secured in Bengal mainly because of the absence of a really effective opposition in the Council.

them. If he has sufficient cause, which phrase is vague, the Governor can ignore the advice of the ministers.

"The Governor should ordinarily allow ministers to have their own way, fixing the responsibility upon them—in India as in all other countries, mistakes will be made—but there is no way of learning excepting through experience and by the realisation of responsibility." Unfortunately, these words of good advice went mostly unheeded by our provincial governors.

The Governor

The Presidencies of Bengal, Bombay and Madras have their Governors appointed by the King-Emperor from among persons holding high positions in English public life.

The Governors of the seven other provinces are appointed by the King-Emperor, after consultation with the Governor-General, usually from among white members of the Indian Civil Service.

A Governor's term of office is not fixed by law but it is, in practice, five years. His salary is not subject to the vote of the legislature.

*In the dual system of government, the Governor plays an important part.** There may arise questions in which

* "The provincial machine was, as it were, in future to be driven from two perfectly distinct sources of power: for certain purposes it would be impelled by an internal combustion engine and for other purposes by a motor receiving current from a distant dynamo. If the several functions clashed or overlapped obviously the component parts might be violently jarred. In such cases one or other source of power must be cut off. For this purpose the engineer-in-charge was given a control-switch. The

there may be a conflict between the two sides of the government. It is then that the Governor is sorely tested. In such circumstances the Governor has to find a way out by arranging a joint meeting of the two halves of the Government.

In most provinces to-day joint meetings of the executive council and the ministers at which the Governor presides are held almost regularly every week, even if there be nothing in dispute, to bring the two halves closer together.

The Governor has to hold the balance "between divergent policies and different ideals and to prevent discord and friction." *He is, in some sense, "the hyphen that joins and the buckle that fastens" the two halves of government.*

Summary.

The provincial executive government consists of two halves and is, therefore, known as dyarchy.

The first half of the Government, *the Governor in Council*, in charge of the administration of the reserved subjects and responsible to the British Parliament through the Secretary of State for India, is outside the control of the Provincial Legislature.

The other half of the Government, is the *Governor acting with the ministers*. The ministers, chosen by the Governor from among the elected members of the Legislature, administer the transferred subjects for which they are responsible to the Legislature that controls them by its power to reduce and refuse salaries and grants.

Questions.

1. Describe the system of provincial government known as Dyarchy. Why is it so called? (C. U. 1927).

Governor was to declare in any given case whether the right of action lay with the Indian Council-driven half or with the British Parliament-driven half of the Administration. Such in brief was the provincial scheme."—*London Times, India Number, 1930.*

1. Describe the system of provincial government known as Dyarchy. Why is it so called? (C. U. 1927).
2. What is a stable ministry? Indicate the main difficulties in the way of forming a stable ministry in Bengal? (C. U. 1930).
3. Differentiate between the functions and powers of the governor's minister and those of the governor's executive councillor. (C. U. 1930).
4. Differentiate between a minister and an executive councillor. Are they equal in status and pay? (C. U. 1931).
5. What do you mean by dyarchy? (C. U. 1931).
6. What is ministerial responsibility? Does it exist in the Indian constitution? (C. U. 1932).
7. What is meant by responsible government? How far is there responsibility in the Government of Bengal? (C. U. 1933).

CHAPTER IX

THE PROVINCIAL LEGISLATURE

Every Governor's province has a legislative council. The legislative councils have been greatly enlarged—to a number exceeding 100 in the larger provinces—and though officials are still nominated members of the legislative councils to act as the spokesmen of the Government they have been confined to only one-fifth of the total number of seats. A few non-officials are also nominated by the Governor to represent classes, interests or minorities for whom no arrangements for election have been made. But the vast majority of the members, at least 70% in each legislative council—are to-day elected directly by voters grouped mainly into territorial constituencies, urban or rural, under a somewhat high franchise.*

The Act lays down that not more than 20 per cent. of the members of the council can be official members and at least 70 per cent. must be elected members. The principle of communal representation which was introduced by the Morley-Minto scheme of Reforms is still retained.

Ordinarily, the life of a Legislative Council is 3 years. But it can be dissolved by the Governor earlier. The Governor can also extend its life beyond three years in special circumstances. The President is elected from

* It is because of the relatively high qualifications demanded for being a voter that only 7½ millions out of 247 millions of people in British India have the vote. The remaining 240 millions go unrepresented to-day.

amongst the members of the Council. The post of the President is a salaried one.

The Bengal Legislative Council

The Bengal Legislative Council consists of 140 members of whom 114 are elected and 26 nominated. Of the 26 nominated members at present 17 are officials including the 4 members of the executive council. The rest are nominated non-officials.

Of the members nominated by the Governor not more than 18 can be officials and not less than 6 should be non-officials. Two shall be persons nominated to represent respectively the Indian Christian community and the depressed classes, and two shall be persons nominated to represent the labouring classes.

In Bengal the *general constituencies* are the Non-Mahomedan, the Mahomedan, the European and the Anglo-Indian constituencies. Besides, there are *special constituencies* of the Landholders, the two universities (Calcutta and Dacca) and the interests representing commerce and industry.

The ordinary process of legislation

A Bill is said to become an Act when it is passed by the legislature and has received the assent of the Governor of the province.

But the law cannot be enforced till the Governor General has given his assent to it and the Act has been published in the Official Gazette.

Powers of the Provincial Legislative Council

(a) Law-making Powers

(Generally speaking, the provincial legislature has power to make laws for the peace and good government of the territories constituting the province. It may also repeal or alter any law so far as it affects the province.)

(The law-making power of the local legislature is, however, subject to various limitations.

(a) Firstly, there are limitations as to the scope. The provincial legislature may not, without the previous sanction of the

Governor-General, make or take into consideration any law as regards certain specified subjects, e.g., *foreign relations, public debt, central subjects, etc.*)

(b) *Secondly, the powers of veto, prohibition and extraordinary law-making, vested in the Governor have greatly limited the law-making authority of the Legislative Council.*)

(i) *(The Governor can disallow (veto) any Bill passed by the Legislature. The Governor-General also enjoys a similar power of veto over provincial legislation.)*

(ii) *In any matter affecting the safety of his province, the Governor can prohibit all proceedings in the Council.*

(iii) *If the Governor considers that the passage of a Bill, relating to a reserved subject, is essential for the discharge of his own responsibilities, the Bill on his signature (certification) shall become law notwithstanding the refusal of the Legislature to pass it.*

(b) Financial powers

The Budget

A statement of the estimated revenue and expenditure is presented to the Legislative Council by the Finance Member before the beginning of each financial year. *This estimate is known as the Budget.*

(i) Taxation

The proposals for taxation are embodied in a Bill known as the Money Bill or the Finance Bill. In order that the taxes may be levied, this Bill has ordinarily to be passed by the Council.

(ii) Spending powers

The proposals for the expenditure of public revenues are submitted to the vote of the Council in the form of demands for grants. The Council may assent to or reject a demand *in toto* or reduce the amount.

Limits

¶ The financial control of the legislature is, however, limited in the following manner :—

(1) A Finance Bill may have the force of law on being certified by the Governor inspite of the refusal of the legislature to pass it.

(2) The local government is not bound by the refusal of the legislature to sanction grants of money for *reserved subjects*. These grants can be restored by the Governor.

(3) Certain heads of expenditure known as *non-votable* heads (e.g., contribution to the Government of India, etc.) are not submitted to the vote of the legislature at all.

(4) The Governor has power to authorise, in emergency cases, such expenditure as may be in his opinion necessary for the safety or tranquillity of the province or for carrying on a department.)

(c) Control of the Legislature over the Executive

¶ So far as the administration of reserved subjects is concerned the provincial executive is not responsible to the local legislature. For the administration of these subjects the Governor-in-Council is responsible *immediately* to the Government of India and *ultimately* to the British Parliament through the Secretary of State for India.)

(The position of ministers is different. *Ministers are responsible to the Legislative Council for the administration of "transferred" subjects.* The legislature may express its disapproval of their administration either by passing a vote of no-confidence in the ministers or it may even refuse to vote ministers' salaries. In the first case the ministers resign and new ministers are appointed. In the second case, ministers resign and new ministers can not be appointed until the Council votes ministers' salaries.)

(Disapproval may also be expressed by a reduction (e.g., by a mere token cut of Re. 1) of the salaries and,

grants demanded for Ministers.) Any such reduction by the legislature amounts to a censure of the Minister or Ministers concerned who would thereupon resign their offices. It is in these ways that the legislature controls the ministers and makes them conform to its will.

It should, however, be noted that ministers themselves have so little power under the present system, that a censure motion is calculated to change not so much the policy of the government as the personnel of the ministry.

Summary.

In each governor's province, there is a legislative council largely elected.

The Provincial Legislature has the right, qualified though it is by large powers vested in the executive, to make the laws and to control the finances of the province. It has also the right of controlling the executive of the transferred half (*i.e.*, the ministers) but the reserved half is outside its control.

The Bengal Legislative Council consists of 140 members of whom 114 are elected, and the rest nominated. Of the nominated 9 are non-officials, and 17 officials (including the 4 members of the executive council).

Question.

1. Describe the constitution of the Bengal Legislative Council. (C. U. 1927).

CHAPTER X

THE DISTRICT ADMINISTRATION

A province is generally divided into a number of *divisions* each under a Commissioner. Every division again is subdivided into a number of *districts* each in the charge of a District Officer. *The district, though it comprises several subdivisions each under a subdivisional officer, is the unit of government.*

The Commissioner

(The Commissioner has no judicial duties but he is a high revenue official and possesses large powers as regards the administration of revenues of his division. In revenue cases he acts as a court of appeal. He also exercises powers of control and supervision over the collectors of the districts within the division.)

The Commissioner is the channel of communication between the district officer and the provincial government. Also, in some provinces, he exercises almost direct control over local self-governing bodies.

The District Officer and his functions

The Magistrate and Collector (known as the Deputy Commissioner in non-regulation districts) occupies a dual position in the district. "As collector he is head of the revenue organisation and as magistrate he exercises general supervision over the inferior courts and, in particular, directs the police work."

(The District Officer is also expected to exercise some amount of control and supervision over certain other departments though these are not directly placed under his charge. He is to supervise, for instance, the jail administration and also the work of the Executive Engineer, of the Civil Surgeon, of the District Inspector of Schools and of the Forest Officer.

The District Officer exercises controlling power, in varying degrees, with regard to the self-governing institutions, *e.g.*, Municipalities, District Boards, Local Boards, Union Boards and Panchayets.)

Local Influence of District Officer

(The District Officer has to perform many social duties which are due to the position he occupies in the district. The District Officer represents the government to the people of his district. He is not a mere mouthpiece of the government but has to do many things on his own initiative and responsibility. When the District Officer happens to be a man endowed with tact, sympathy and imagination he can influence for good the life of the people in many ways.)

An impossible task

But the demands made upon him are so many and so varied in character that it is well nigh impossible for a man, however gifted he may be, to meet adequately all of them. But the bureaucratic and centralised nature of our Government has rendered necessary the combination of all these functions in one single office, however absurd the whole arrangement might seem to be.

An anomaly—and a grievance

(The complaint that is most heard of is about the District Officer combining in himself the executive and the judicial func-

tions. As the man responsible for the maintenance of law and order in the district he is ultimately responsible for the prosecution of accused persons who are brought up for trial before him or before magistrates who are subordinate to him.)

Where the prosecutor is also the judge there is every possibility of a miscarriage of justice. In fact justice cannot be honestly and efficiently administered in such cases.) One of the fundamental principles of justice is that not only the magistrate should do justice to the accused but the accused person should feel that he is getting justice which is hardly possible under the present system.

(The official arguments advanced against the separation of the two powers—executive and judicial as vested in the district officer, do not carry much conviction. Sir George Anderson approvingly quotes Sir Henry Lawrence that the Indian people prefer justice to law, and that the district officer can give prompt and speedy justice. But it is forgotten that there can be no justice outside law. A tyrant may deal out justice and prompt justice in some cases but it cannot be expected that he will deal out justice in all cases. The supremacy of law and the separation of powers have therefore been considered in all civilised countries, including Sir George's own, to be the best guarantees of justice. The other plea, namely of economy, might as well be ruled out because it may be shown that the separation would not involve such multiplication of officials as would make really serious inroads on the public purse.

The separation of the judiciary from the executive is, therefore, a much-needed reform in India.) The district officer should be made only the executive head of the district and the magistracy should be made independent of the executive to meet the ends of justice.

Summary.

The province is split up, for administrative convenience, into divisions under Commissioners. Each division, again, comprises several districts, each in charge of a District Officer.

The District Officer in India enjoys considerable powers and wields a great influence.

As the district is the unit of government, so the district officer is the pivot of the administration.

Questions.

1. What are the functions and powers of a district magistrate? How far the theory of separation of powers has been applied in his case?
2. Describe, as briefly as you can, the functions of a Collector-Magistrate in a Bengal district. (C. U. 1933).

CHAPTER XI

THE JUDICIAL SYSTEM

The old and cumbrous system of judicial administration whereby criminal justice was administered by Muhammadan judges appointed by the Nawab in accordance with the Muhammadan law and civil justice was administered by the Company's officials in accordance with a separate code of civil law—having failed, Warren Hastings tried to organise the judicial administration by dividing the province into several districts. This was the origin of the district system.

The Collector was placed in charge of the Civil court. He was assisted by Hindu and Muhammadan assessors and also by subordinate judges in the mofussil. These district civil courts were subordinate to provincial Courts of Appeal. The latter, again, were subject to the final appellate jurisdiction of the *Sudder Dewany Adalat*.

Criminal law continued to be administered by Muhammadan judges but under the supervision of the District Collector. And these Criminal Courts were, likewise, under the final appellate jurisdiction of the *Sudder Nizamat Adalat* at Calcutta.

The Regulating Act of 1773 had also sought to regulate the judicial administration in this province. A Supreme Court of Judicature was established with a Chief Justice and 3 other judges in 1773. Similar courts were established in Madras in 1801 and in Bombay in 1823. The Supreme Court administered justice in accordance with the English law. Maharaja Nandakumar was hanged on a charge of forgery by order of the Supreme Court. Forgery was a capital offence under English law at that time. The *Sudder Courts* followed Hindu and Muhammadan laws when the circumstances demanded. The result was a hopeless confusion.

The British Government had all along been cautious in interfering with the laws, customs and usages of the land and therefore it was not till 1833 that the necessity of a careful examination of the Hindu and Muhammadan laws was realised.

In 1833 Macaulay was appointed the first Law Member to

undertake this work and he prepared the ground for the formulation of the two famous codes—the Indian Penal Code and the Criminal Procedure Code which were drawn up more than 20 years later.

The Criminal Procedure Code lays down the procedure which a magistrate is to follow in trying a criminal case.

The Civil Procedure Code was framed later. It prescribes in detail the procedure to be followed in the trial of civil suits. These codes are revised from time to time so that they may not be outworn and obsolete.

Besides these codes there are numerous other laws, judicial rules, decisions and precedents which regulate the judicial administration of the country.

The Judicial Committee of the Privy Council

There is no Supreme Court of Appeal for all India within the country. If we have to make an appeal from any decision of a High Court we have to carry that appeal across the seas to the Judicial Committee of His Majesty's Privy Council in England. This involves a considerable waste of time and money and people are more often than not prevented from getting justice because of the hindrances. Moreover, Indian national sentiment is overwhelmingly in favour of the establishment of a Supreme Court in India.

Appeals to the Privy Council lie generally in civil cases where the value of the disputed property is Rs. 10,000 or more. Leave to appeal is also granted by the High Court where it is thought fit. Generally no appeal lies in a criminal case excepting where the High Court grants leave to appeal or where the case raises a point of law of exceptional importance.

The Judicial Committee of the Privy Council is composed of the Lords of Appeal in Ordinary, such members of the Council as have held and are holding high judicial offices and two Indian judges appointed for this purpose.

When a case is heard at least four members of the Judicial Committee must be present.

High Courts

The Indian High Courts Act which was passed in 1861 abolished the old courts at Calcutta, Bombay and Madras and set up High Courts of Judicature at those places. Later on, High Courts have also been established at Lahore, Allahabad, Patna and Rangoon. In places where the judicial work is not so important as to warrant the establishment of High Courts there are Chief Courts as in the case of Oudh or Courts of Judicial Commissioners as in the Central Provinces, North West Frontier Province and Sind. These courts take the place of High Courts in those places.

Jurisdiction of the High Courts.

The High Courts in the three Presidencies exercise *original jurisdiction* in civil and criminal cases within the limits of the Presidency towns of Calcutta, Bombay and Madras where they act as the courts of first instance in respect of certain matters and offences.

The Presidency High Courts as well as the other High Courts are courts of appeal from all courts within their respective provincial jurisdiction. This jurisdiction is known as *appellate jurisdiction*.

Even where an appeal does not lie, a High Court can exercise what is known as its *right of revision* in respect of decisions passed by a lower court when considerations of justice demand it.

A High Court exercises its *power of superintendence* over all courts subordinate to it. It can direct the transfer of any suit from one court to another. It may call for returns. It makes and issues general rules and prescribes forms for regulating the practice and proceedings of courts subordinate to it.

Composition of a High Court

A High Court has a Chief Justice and a number of other judges known as puisne judges. They are all appointed by the King-Emperor. Additional judges may also be appointed by the Governor-General in Council. The maximum number of Judges of a High Court shall be twenty.

A Judge of a High Court must be either

- (a) a barrister of England or Ireland or a Scottish advocate, or
- (b) a member of the I. C. S. of at least ten years' standing who has served for not less than three years as a district judge, or
- (c) a person who has held judicial office not inferior to that of a subordinate judge or a judge of a small cause court for at least five years, or
- (d) a High Court advocate who has practised for not less than 10 years.

The District and Sessions Judge

The District and Sessions Judge exercises the highest original jurisdiction in the district, both civil and criminal. He also exercises appellate jurisdiction over the magistrates and civil judges of the district.

Inferior Civil Courts

Subordinate judges and munsiffs are civil judges subordinate to the District Judge who supervises the work of and hears appeals from all subordinate courts.

Small Causes Courts

For cheap and speedy trial of petty civil suits there are Presidency Small Causes Courts in the Presidency towns. In the mofussil also there are courts of small

causes but these differ in certain respects from the Presidency Small Causes Courts. Unlike the decrees of other courts the decrees of the Small Causes Courts are generally not appealable.

Union Courts

Union Boards are sometimes empowered to try civil and criminal suits of a very petty nature.

Administration of Criminal Justice

The Sessions Judge

As regards the administration of criminal justice, one or more districts constitute a sessions division for which there is a Sessions Judge. We have seen before that the same person acts as the District and the Sessions Judge. The Sessions Judge tries persons accused of graver offences with the help of jurors or assessors. The Sessions Judge also exercises appellate jurisdiction over all magistrates of the district. A Sessions Judge may pass any sentence authorised by law, but a death sentence by him is subject to confirmation by the High Court. An appeal lies from the judgment of a Sessions Judge to the High Court.

Presidency Magistrates

In Presidency towns there are Presidency Magistrates from whose decisions appeals lie only to the High Court.

Inferior Magistrates

In the district there are *magistrates* with 1st, 2nd and 3rd class powers. Some of them are non-stipendiary and are known as *Hony. Magistrates*. All are subject to the appellate and revisional jurisdiction of the Sessions Judge.

There are *Bench Courts* also which try petty criminal cases.

Trial by jury

(*Trial by jury means that the accused person is to be tried by a number of men, who are unversed in the intricacies of law and who will base their verdict on what appears to them as plain, honest and matter-of-fact people, to be the facts of the case as brought out by the evidence given in Court. The jury decides questions of fact and the judge decides the questions of law*) In a criminal trial there are usually two versions of facts: the version of the accused and the version of the prosecution. It is for the jury to decide which version they are to accept.

In India the system of trial by jury exists only for cases triable by a Court of Sessions. Civil suits or such criminal suits as are not triable by a Court of Sessions are not tried with the help of a jury. In the less advanced parts of the country assessors instead of jurors are appointed. The verdict of assessors, however, is not binding on the judge but the verdict of a jury is generally binding on the judge. The scope of jury trial in India is, therefore, somewhat limited.

(In the District Sessions, the trial is held by the Sessions Judge, assisted by a jury composed of not more than nine and not less than five persons.)

(In a district trial the decision of a majority of jurors is generally binding on the judge but if the judge is of the opinion that the verdict of the jury is wrong or perverse he may refer the case to the High Court for orders.)

(In a High Court trial the number of jurors will be

nine. Their verdict, if unanimous, is binding on the judge even if he disagrees with it. If the jury is divided, then the majority verdict is not binding. The judge may not accept the verdict of the majority in which case he has the power to dismiss the jury and to have the case retried by another judge with the help of a fresh jury.)

Accused persons, Indian or European, may claim to be tried by a jury in which there would be a majority of persons belonging to their own race.)

Privileged Persons

(The Governor-General, Governors, Lieutenant Governors, Chief Commissioners, members of the Executive Council of the Viceroy, or of the Governor or of a Lieutenant Governor and ministers are not subject to the original jurisdiction of any High Court by reason of any thing done by any one of them in their public capacity. They cannot be arrested or imprisoned in any suit or proceeding in a High Court exercising its original jurisdiction. They are also not subject to the original criminal jurisdiction of any High Court in respect of any offence except that of treason or felony. These immunities are enjoyed also by the Chief Justice and other judges of the High Court.)

(Though law is said to be no respecter of persons, for a long time, Europeans in India could not be tried in any court except, a High Court. Even at present, Europeans may claim to be tried by first class magistrates only. It should be noted that in civil matters no distinction whatever is made between an Indian and a European.)

Law Officers

We have in India a number of law officers of the Crown. (At the top is the Law Member of the Executive Council of the Governor-General who is the chief legal adviser of the Government of India. Then there are Legal Remembrancers in charge of the legal work of the governments in the various provinces. The three presi-

dencies have also Advocates-General among whom the Advocate-General of Bengal occupies a position of pre-eminence. He is not only the highest law officer of the Crown in the province but he is also occasionally called upon to advise the Government of India in legal matters. There are public prosecutors attached to all criminal courts of importance and there are also government pleaders who represent the interests of the Crown in all civil cases instituted by or against it. In the three presidency towns there are sheriffs who have to perform certain important court duties.)

Civil Courts

1. The Judicial Committee of the Privy Council.
2. High Courts; Chief Courts; Courts of Judicial Commissioners.
3. Courts of District Judges.
4. Courts of Subordinate Judges—First Class.
5. Courts of Subordinate Judges—Second Class.
6. Courts of Small Causes.
7. Courts of Munsiffs.
8. Union Courts.

Criminal Courts

1. The Judicial Committee of the Privy Council.
2. High Courts; Chief Courts; Courts of Judicial Commissioners.
3. Sessions Courts.
4. Presidency Magistrates' Courts.
5. Courts of First Class Magistrates.
6. Courts of Second Class Magistrates.
7. Courts of Third Class Magistrates.
8. Courts of Honorary Magistrates: First, Second and Third Class.
9. Bench Courts.

Summary.

There is no supreme court of justice for all India within the country. There are High Courts, Chief Courts and Courts of Judicial Commissioners in the provinces. Appeals from them lie to the Judicial Committee of the Privy Council in London. The

District and Sessions Judge exercises the highest jurisdiction, civil and criminal, in the district.

Besides, there are subordinate judges, magistrates and courts of different grades for dealing with civil and criminal cases.

Questions.

1. Briefly sketch the judicial system in India.
2. Describe briefly the judicial organisation in British India.
(C. U. 1934).

CHAPTER XII

THE SERVICES

In Britain the entire civil service is recruited by a single authority. In India this is not the case.

Some are recruited by the Secretary of State, some by the Government of India and the rest by the Governments in the provinces.

The Central Services

There are services engaged on matters directly under the management and control of the Central Government, as *audit and accounts, state railways, posts and telegraphs*. These are known as the Central Services.

Some of the officers of the Central Services are recruited by the Secretary of State who is for them the final controlling authority. Most of them are to-day appointed by the Government of India to whose control they are subject.

The other Services

There are also services which work generally under the provincial governments.

Of these services there are three grades—*The All-India Services, the Provincial Services and the Subordinate Services*.

The All-India Services

The All-India Services are mostly recruited by the Secretary of State. In the case of the officers of *Indian Civil Service* and of the *Indian Police Service* as the Secretary of State enters into covenants or contracts for service on specified conditions with them, they are known

as "covenanted" services. An officer of an All-India Service generally passes the whole of his life in the province to which he is assigned. But he remains liable to serve anywhere in India. Other All-India Services are the *Indian Forest Service*, the *Indian Service of Engineers*, the *Indian Educational Service* (new recruitment has been stopped), the *Indian Agricultural and Veterinary Services*, the *Indian Medical Service* (civil branch).

The recruitment to those services is made in India as well as in England and the standard aimed at is high.

One marked feature of these services is the preponderance of the European element in them.)

The Provincial Services

(The Provincial Services constitute the middle grade of the administration. There are provincial civil, medical, police, educational, agricultural, forest and engineering services.

These officers are appointed by the provincial governments generally from within the province. Recruits are generally graduates of high qualifications and come generally from the same social status as the Indian officers of the All-India Services.) They have little to distinguish them from their lucky superiors in the superior services excepting that they get lower pay and a disproportionately lower official position.

The Subordinate Services

(The subordinate services form the lowest grade of the official administration in India and are recruited like the provincial services by the provincial governments from men of somewhat lesser qualifications.)

Indianisation of Services

The demand for Indianisation of Services is older than the Congress. (In the Charter Acts of 1833 and 1853 as also in the Queen's Proclamation of 1858 it was affirmed that race, colour or creed would be no bar to any appointment under the Crown in India. These pious declarations were followed by the appointment of Commissioners in 1887 and 1912, which also did not produce any result satisfactory to the Indians till the Montagu Declaration of 1917, which expressed the Government's intention to recruit an increasing number of Indians to superior services in India from which they were in effect shut out.

'The Preamble to the Government of India Act of 1919 also contained an announcement of the policy of the government to provide for *'an increasing association of Indians in every branch of the administration'* with a view to the ultimate replacement of Britishers by Indians in the superior services of India.)

(The question was examined in detail in 1924 by the Lee Commission on Indian services which recommended the recruitment of an increasing number of Indians in the superior services which were almost wholly manned by British officers. According to their recommendations certain services have been wholly Indianised.)

(The proportion of Indians in the Indian Civil Service (which in 1929 was only $\frac{1}{3}$ of the total) would be half of the total in 1939! Likewise, in the Indian Police Indians (who in 1929 numbered only $\frac{1}{6}$ of the total) would be half of the total strength in 1949!)

(In the police the position of the Indian is thus worse. This position is the worst in the army. It is only after popular agitation for a long period that he was admitted only a few years back as an officer in the Indian army—and even then he was to serve in the infantry and cavalry and was refused entry into the artillery and the air force. These latter also are now open to him but the number of Indians taken is so small that in effect there is little Indianisation of the Army.)

Indian public opinion is sore on the point of unsatisfactory rate of Indianisation of services especially as there is no dearth of suitable Indian candidates.

(Indianisation is demanded because Indian officers would be much less expensive to the country and would, by reason of their

insight and first-hand knowledge of local conditions, be more sympathetic and capable administrators than foreigners.

Indianisation of the Services in India is thus urged on grounds of economy and efficiency as also on political grounds.

The Problems of the Services

The main problems of the services are related to

(1) Recruitment

Recruitment should be by open competition with a view to taking the best men available.

(2) Promotion

Promotion should be both by seniority and merit. In Russia remarkable improvements have been secured in administration in going by *merit* alone and promoting to the chief offices of the state comparatively junior men.

(3) Pay

There is in government service a loss of freedom for which some compensation should be paid. Also, government should be a model employer and, therefore, government services are generally well-paid in every country. But there is little justification for the extravagant scales of pay and allowances in India (in the superior grades specially) which can very reasonably be cut down by half.

(4) Discipline

In every modern country the sound opinion is to keep the civil servants out of politics and party warfare. They should have a quiet and secure tenure of office with no threat or temptation in their way. They have, therefore, been placed under a permanent organisation, the *Public Service Commission* consisting of a body of impartial and authoritative men.

The Public Service Commission

(The Public Service Commission is entrusted with the duties

of appointment, control, promotion and punishment of government servants. The Public Service Commission is also to safeguard their pay, allowances and pensions and the rights of the services in general. Any individual officer having a service grievance may apply through the proper channel to the Public Service Commission for the redress of his grievances.)

(The great merits of the Public Service Commission are that it preserves the purity and integrity of the administration and protects the public servants from harmful legislative and executive interference.)

(The Public Service Commission in India has been established after the Government of India Act of 1919 and has the usual functions. But it has not been able to make itself very useful because of the constant interference of the Secretary of State and the Government of India. To be of service it should be made as free of the executive as of the legislature.)

Summary.

The Services in India are broadly of two groups : the *Central Services* under the Central Government and the other Services under the Provincial Governments. These latter are sub-divided into the *All-India Services*, the *Provincial Services* and the *Subordinate Services*.

The All-India Services chief among which are the *Indian Civil Service* and the *Indian Police Service* are mostly recruited by the Secretary of State for India.

The Montagu Declaration promised a progressive Indianisation of the Services. The rate of Indianisation is unsatisfactory.

The problems of the Services are related to (1) *Recruitment*, (2) *Promotion*, (3) *Pay* and (4) *Discipline*.

To deal with the Services and their problems a Public Service Commission exists in many progressive countries as also in India.

Question.

1. Write a note on Indianisation of the Services.
2. Discuss the problems of the Services.
3. Write short notes on
 - (a) Public Service Commission. (C. U. 1933).
 - (b) Central Services.
 - (c) All-India Services.

CHAPTER XIII

POLICE AND PRISONS

Police *

{The business of the police is to preserve peace and order, to prevent and detect crimes and to bring criminals to justice.}

{The Indian police system is a very elaborate organisation which reaches to the distant villages. The police administration of a province is a reserved subject in charge of a member of the Governor's Executive Council. He controls the department. Below him is placed the Inspector General of Police who is the chief of the police force in the Province. In the three Presidency towns of Calcutta, Bombay and Madras and also in Rangoon the police are organised under the command of a Commissioner of Police and form a unit distinct from the ordinary police force.}

* Strictly speaking there is no Indian police. The police provided for by the Police Act of 1861 is a provincialised police, administered by the Provincial Government concerned and subject only to 'the general control' of the Government of India.

Within the province the police are enrolled and organised in District Police Forces at the head of which is the District Superintendent of Police. The Superintendent of Police is subject to dual control. The police force under his command is at the disposal of the District Magistrate who can control him for maintaining law and order in the District. In the matter of internal organisation and discipline he is also subject to the higher control in his own department, the D. I. G., the I. G., and finally the member in charge of police.

The *thana* or the police station is the most familiar police unit in India. Whether it be in a big city or in a village, it is at the police station or thana that the public are most in touch with the police and the police with the public.

For police work* the province is divided into several ranges, each in the charge of a Deputy Inspector General. Each police range is composed of several districts.'

{ Each district is in the charge of the District Superintendent of Police who is assisted by Assistant Superintendents. All these offices belong to the Indian (Imperial) Police Service. A district has, generally, four or more subdivisions each of which is placed in the charge of a Sub-divisional Police Officer. A subdivision comprises several thanas. Generally, the work of the thana which has charge of several villages is placed under an Inspector or a senior Sub-Inspector.

{ The Indian members of the Imperial Service are generally recruited through competitive examinations held by the Public Service Commission in India. The European members are recruited in England by the Secretary of State. The Deputy Superintendents are provincial service men who may be recruited direct locally or by promotion from the ranks of Inspectors. Inspectors, Sub-Inspectors, and Assistant Sub-Inspectors are subordinate police officers.'

The village police work is generally done by the Chowkidar maintained by the Panchayets or Union Boards.

Prisons

{ When the police have arrested a man suspected of having committed an offence he is brought before the magistrate by whom he is tried. If on being found guilty

* Besides the ordinary police force there are the Railway Police, the Armed Police and the Criminal Investigation Department.

he is sentenced to serve a term of imprisonment in jail the duty of the court is to make over the charge of the prisoner to the prison officials. Thus the prison administration is very closely connected with the police administration and the administration of justice, though it forms a separate department.

(“Prisons” is a reserved subject. Next below the member of the executive council in charge of prisons is the Inspector General of Prisons who sees to the work, discipline and health in the prisons of the province. The Inspector General of Prisons is generally a senior member of the Indian Medical Service.)

(There is a *Presidency Jail* in each of the three Presidencies. The *Central Jails* are usually located at the divisional headquarters where criminals convicted of the more serious offences are lodged. The Superintendent in charge of a Central Jail is usually a member of the Indian Medical Service. There is in each district a *district jail* of which the Civil Surgeon is the Superintendent and the District Officer the most important visitor. There are also *subdivisional jails*.) The Jailors are members of a graded service. Convicts are employed as warders and also to do such office work as they may be fit for.

(Separate arrangements are made for female convicts.)
(There are *juvenile jails* for boy offenders. An attempt is being made by means of *industrial training* and *after-care work* to open up before the boys avenues of healthy and useful lives. *Borstal institutions* are also being established for the purpose of reviewing and reclaiming criminals who are not habitual offenders.)

(There are hospital arrangements for those who fall ill,

while in prison.) As far as possible, confirmed criminals are segregated so that they may not get an opportunity of mixing with first offenders.

(There was a penal settlement at Port Blair in the Andaman Islands where persons sentenced to transportation were sent out. The system of sending out criminals to the Andamans was discontinued for a time. But since 1932 political convicts suspected to be dangerous revolutionaries are being deported to the Andamans to serve out their terms there.

Summary.

The police work of a province is the charge of the Inspector-General of Police who is assisted by officers and men of different ranks.

For police work, the province is divided into ranges consisting of a number of districts. The lowest police unit is the thana.

Prisons are administered by the Inspector-General of Prisons who is generally a senior member of the Indian Medical Service.

There are Central Jails, District Jails, Subdivisional Jails—and also Special Jails for juveniles in the charge of Superintendents who hold both the medical and administrative charge.

Both police and prisons are reserved subjects under the administrative control of a member of the Executive Council.

Questions.

1. Outline the main features of the police system and the jail administration in India.

CHAPTER XIV

LOCAL SELF-GOVERNMENT

Local self-government means the management of local affairs (e.g., water-supply, roads, primary schols) by local people.

Every individual in the country lives in a local self-government area and is subject to the jurisdiction of a local self-government authority which regulates his everyday life. The country has been so divided that not an inch of ground has been left out of the system.

You live either in a village or in a town. If you live in a village you are a rural citizen ; if in a town, you are an urban or municipal citizen.

A rural citizen is immediately subject to the jurisdiction of a village Panchayet or a Union Board. The Panchayet or the Union Board is itself subordinate to the Local Board which, again, is subordinate, in its turn, to the District Board, the guardian of all the rural councils and boards in the district.

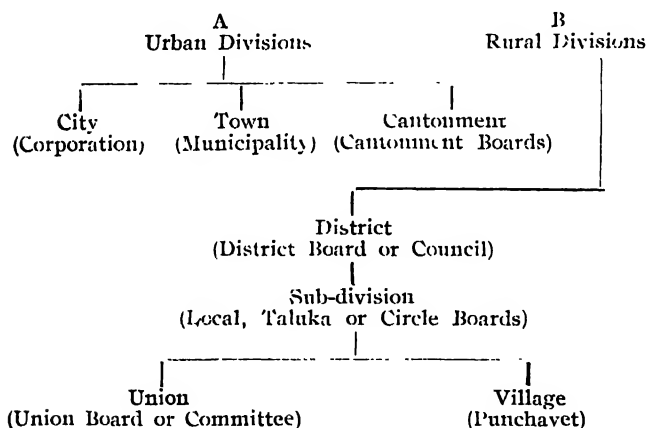
An urban citizen in the three presidency towns is subject to the jurisdiction of the municipal corporation, and in the case of the other towns he is subject to the jurisdiction of the municipality.

A field of the administration profoundly affected by the Reforms of 1919 is that of local self-government. This

Local government in India, as distinguished from local self-government, is understood to mean the provincial government in which the element of self-government is but small.

is one of the subjects transferred to popular control and is in every province in the care of a minister. Under the ministers considerable developments have been essayed and on the whole the progress of local self-government in the past ten years has been remarkably good. The greatest successes have been won in the Presidency towns and particularly in the city of Calcutta where the Corporation has made rapid strides under the nationalists.

The following chart will show at a glance the most important divisions of local self-government in the country.



History of Local Self-Government

The earliest attempts in municipal government under British rule were made in the three presidency towns of Calcutta, Bombay and Madras—the first attempt being in Madras in 1687.

Municipalities for other towns were provided for in a series of laws passed during the years 1842 and 1862. There was practically no attempt at municipal legislation before 1842. An Act passed in that year for Bengal was followed in 1850 by an Act

which applied to the whole of India. But the principle of election which was recognised was not put into practice until many years later.

Lord Mayo's Resolution of 1870 encouraged the general application of the principle of election with the avowed object of developing local self-government. It bore some fruit in the municipal bodies in the towns but in rural areas it proved barren.

Of greater importance was the Resolution of Lord Ripon in 1882. Lord Ripon's government sought to introduce an extension of local self-government. It was aimed to secure an improvement in the administration which must follow as greater local knowledge and local interest would be brought to bear upon the management of local affairs. But that was not the only aim. The primary aim was to develop or even, to create, in the people, a capacity for self-help, a capacity for the management of their own affairs. And for this, an extension of the system of local self-government was desirable as an instrument of political and popular education.

However noble the intentions of Lord Ripon were, his resolution was not fully put into effect and progress in local self-government was slow until after the Reforms of 1919 which supplied a new and powerful impetus to the development of local self-government.

'The unskilled elector can learn to judge things afar off only by accustoming himself to judge first of things near at hand.' If, therefore, the Indian is to be given control and power over the provincial and central governments, he must have some preliminary training in the art of government. And there can be no better training-ground for this than in local self-government—in matters concerning himself immediately in his own village and town. The vote should, therefore, be given to all persons qualified for it. Interest should be aroused in elections and municipal government should be extended so that this education in citizenship might grow. There should be complete popular control in local bodies and the largest possible independence for them.

The Reformed Legislatures were constituted at the end of 1920. The new legislatures at once proceeded to give effect to the spirit and letter of the Reforms in tackling the problem of local self-government.

Laws have been passed providing for an increase in the number of elected members in the municipalities and rural boards,

for an extension of the franchise and of the powers of local bodies, for securing an elected majority, and for the election of non-official executive heads. The control and direction of the administration of local affairs have thus largely passed into non-official hands, thus making local self-government real.

In India, most men and women think in terms of the village, not the city. Cities have always been few and far between; the main currents of our national life have flowed in the villages.

But the lead, the initiative and the enterprise in matters municipal as well as national in recent times have come not from the decadent villages but from the rapidly growing towns.

The study of our civic government—the government of our towns as well as of our villages,—is therefore one which deserves our closest attention.

Department of Local Self-Government

The department of the provincial government which looks after the proper working of the self-governing institutions is known as the department of local self-government. Under the Reforms of 1919 local self-government is a transferred subject administered by a minister responsible to the Legislative Council.

Local Self-Governing Bodies

The principal institutions for local self-government are—

(a) *for the urban areas*:—(1) Corporations, (2) Municipalities and (3) Town Committees or Cantonment Boards,

(b) *for the rural areas*:—(1) District Boards, (2) Local Boards and (3) Union Boards or Village Punchayets.

Some hindrances to the success of Local Self-Government

Success in municipal administration as in village self-government depends on the active and intelligent interest the public take in their own affairs.

Unfortunately the people are too often indifferent to their municipal affairs. This indifference is a matter of grave anxiety and concern because public indifference long continued, would lead to corruption and inefficiency in administration.

This indifference may be attributed to various causes.

(1) The functions of the central and provincial administration appear more imposing and important than purely local functions. That is why national and provincial politics and administration have attracted alike the best available talents in the country.

(2) The meagre education and training of the average citizen is not equal to the task of a constant and effective exercise of an intelligent interest in civic administration.

The growing complexity of our municipal administration is enhancing this difficulty.

(3) The bureaucratic hold and grip over our local bodies has so far tended more to strangle than to develop our initiative, responsibility, and active interest in local affairs.

Moreover, the traditions of an autocratic administration and our passive if not willing acquiescence in it have been against us. Also, the powers entrusted to local bodies were so insignificant that it was not likely to encourage the spirit of self-government in the people. Further, the activities of the self-governing bodies in India have been cramped because of small and inadequate financial support given to them.

The Conditions of Success of Local Self-Government

(If local self-government in India is to be built on sound and efficient lines, if it is to be a dynamic force in the building of the nation, if it is to achieve great things and not remain satisfied with things small, our municipalities and rural bodies must be run in an *atmosphere of purity and freedom*, by our very *best men with high ideals of service*. They should be supported in this task by *adequate financial resources*, by *salaried officers who are devoted and capable*, and by *trained and informed public opinion*.)

Great stress has been laid on the development of self-governing institutions because the capacity of the people for self-rule can be best developed in and around local self-governing institutions.

(Honest and intelligent men should come forth in an increasing number to serve on these bodies the successful administration of which may be undertaken only by men who would not swerve from the path of duty for fear or for favour and would willingly subordinate their own individual interests to those of the community.) It is a matter for satisfaction that signs are evident everywhere of the growth of a new spirit of social service, particularly in the fields of education, public health and sanitation. It may be hoped that the tendency which is slowly but steadily gathering force will, at no distant date, become a great factor of reconstruction in India.

(But men are not the only necessity. Means must also be found for them to carry on the work with which they

are entrusted. The law has given the local bodies a very wide scope for work. But the mere widening of the scope is of little good unless means are provided for adequately covering it. The financial resources of the local bodies are not sufficient. Local taxes and rates alone are inadequate for meeting their growing needs. Work, useful and constructive, has been held up in many places due to the insufficient financial support given by the Provincial Government.³ This support must be greatly increased in future in order to enable the local bodies to discharge all their statutory duties.

Summary.

Local self-government means the management of local affairs by the local people.

Local self-government might be (a) urban or (b) rural.

The *urban* bodies are (i) corporations, (ii) municipalities, (iii) town committees and (iv) cantonment boards.

The *rural* bodies are (i) district boards, (ii) local or taluka boards and (iii) union boards and puchayets.

For the proper functioning of the local self-governing bodies, honesty, intelligence, public spirit and a high standard of efficiency are required of the citizens.

Questions.

1. Enumerate the various institutions for local self-government in Bengal. Point out briefly the functions that each of them performs. (C. U. 1929).
2. State your views about the proper activities of a citizen (a) in a rural area and (b) in a municipal town. (C. U. 1930).

CHAPTER XV

MUNICIPAL GOVERNMENT

As the towns and cities of India dominate our national life to-day in ways they never did before it is only natural that our attention should now be focussed on them.

The study of the government of our towns and cities is receiving increasing attention because of the increased opportunities thrown open to the citizens for civic and national service.

In this chapter we shall know how our towns and cities are governed by ourselves and what are our opportunities for civic work.

Urban self-government is not uniform in India. The cities of Calcutta, Bombay and Madras have *Corporations*. The less important and more modest cities and towns have *municipalities*. The cantonment areas have little self-government in their *cantonment boards*.

The functions of urban self-governing institutions are classified under the following heads:—

(a) *Health*, (b) *Public Safety*, (c) *Convenience of rate-payers*, and (d) *Education*.

The functions of corporations, municipalities and town committees are essentially of the same nature. The difference in name is due to their differences in importance and consequently in powers and in constitution. The corporations of the presidency towns have to deal with problems which can hardly arise in smaller towns. The

former therefore enjoy greater powers which are necessary for the proper performance of their duties. The municipalities, in their turn, are bodies, next in order of importance, and enjoy greater powers than the town committees which function in small towns only.

Corporations

The municipal government of the three Presidency towns is carried on by "Corporations." "The Corporations of Calcutta, Bombay and Madras have been constituted each under a separate statute and each with its own specific powers and privileges. The Councillors, who vary in number from 106 in Bombay to 61 in Madras, are, with the exception of a small number of government nominees, elected on a fairly wide franchise varying from 10 per cent. of the population in Bombay to 5 per cent. in Madras." "The corporations enjoy a good deal of freedom in the administration of municipal affairs. The control of the provincial government over the corporations is not the same everywhere, for instance, Calcutta elects its own executive officer as well as the Mayor while the executive officer of Madras Corporation is appointed by the government."

Corporation of Calcutta

The importance of the city government of Calcutta may be realised from the fact that the revenue of its Corporation amounts to about two crores and a half which is nearly one-fourth of the total revenues of the entire Presidency of Bengal and is almost equal to the total revenues of Assam. Calcutta has a population of 11,61,410 (1931)—an increase of 84,000 is recorded over the figure of 1921. Calcutta is also the second city of the British Empire. The Calcutta Corporation, therefore, enjoys a dignity and a posi-

tion, not enjoyed by any other municipal body in British India. It is to the late Sir Surendranath Banerjee, who as Minister for Local Self-Government was responsible for the passing of the Calcutta Municipal Act of 1923, that Calcutta owes its present civic freedom. The late Deshbandhu Chittaranjan Das, first Mayor of the city, infused into it the life which has made the Corporation of Calcutta a dynamic and vigorous body.

The Calcutta Municipal Act besides putting the government of the city on truly democratic lines provided for its expansion by the inclusion of large suburban areas, whose rate-payers would enjoy, in time, the convenience and amenities of Calcutta.

The Calcutta Municipal Act of 1912 has in 1933 been amended—the most important changes being the abolition of the communal electorates and an increase in the size of the Corporation from 90 to 96.

Constitution

Under the new Act, the Corporation consists of a total number of 96 Councillors and Aldermen.

- (1) 81 Councillors of whom
 - (a) 81 are elected* and
 - (b) 10 nominated by the Government of Bengal
- and (2) 5 Aldermen† elected by the 91 Councillors, elected and nominated.

The Councillors and the Aldermen are elected for three years.

These 96 Councillors and Aldermen elect from amongst themselves the Mayor and the Deputy Mayor of the City. The Mayor and the Deputy Mayor are elected for a year. The Mayor is the head of the Corporation of Calcutta and presides over its meetings. The Deputy Mayor assists the Mayor in his work and presides in

* The 81 Councillors are at present elected in the following manner:—69 are elected by general electorates of which 21 seats are reserved for Muhamnadans and 12 elected by special constituencies such as the Bengal Chamber of Commerce (6), the Calcutta Trades Association (4), Calcutta Port Commissioners (2).

† The indirect election of 5 Aldermen has been secured "to provide seats in the Corporation for a few elderly men who would not care to face the risk of an election but whose advice would be useful and whose presence would add to the dignity of the Corporation.

his absence. Both posts are honorary. They carry great honour and distinction with them.

The Executive

The administration of the affairs of the city is carried on by the Corporation executive headed by the Chief Executive Officer under the direction and control of the Corporation Council. Other statutory officers are the Chief Engineer, the Chief Accountant, the Health Officer, the Secretary and the Deputy Executive Officers. All statutory officers are appointed by the vote of the Councilors but the appointments are subject to confirmation by the Government.

The subordinate executive is being recruited by means of competitive examinations.

Functions

The functions of the Corporation may be classified, broadly, under the heads of *Public Health, Safety, Convenience and Education*.

The Corporation functions include the supply of water, filtered and unfiltered, the provision for drainage of the city, the construction and maintenance of streets, squares and gardens, the regulation of buildings and of public places generally, the improvement of bustees, the scavenging and the lighting of the city streets, the inspection and regulation of factories, markets, bazars and slaughter-places.

The Corporation functions also include the control of the sale of food and drugs, the supply of milk, the control of infectious diseases, the registration of births and deaths, the disposal of the dead and the taking of a census.

The Calcutta Corporation has successfully undertaken the task of spreading primary education.

Income

The Corporation income, which was Rs. 2.41 crores in 1932-33, is derived mainly from the *consolidated rate*,* assessed on the annual value of land or buildings, payable in quarterly instalments in equal proportion by the owner and the occupier. Other

* The rate is now assessed at 19½% of the annual value of land and buildings.

sources are (a) *taxes* on (1) carriages and animals, (2) professions, trades and callings, (3) carts and (b) *revenues from corporation property*, e.g., markets.

The Franchise

The franchise has been widened. Plural voting is abolished and women have been admitted into the electorate. The day of official rule is over, complete democratic control, Swaraj, is established in the municipal government of Calcutta, the second city of the Empire. The day, on which Sir Surendranath's Calcutta Municipal Bill was passed, was indeed a red letter day in the history of municipal government in Bengal.

The work of the Corporation

The first Mayor of Calcutta, the late Mr. C. R. Das, laid down a clear-cut, practical and inspiring programme for the nationalists who were returned in an overwhelming majority in the elections of 1923. Since then the Corporation has remained under nationalist control and administration. The programme demanded free primary education, free medical relief, a purer and cheaper food and milk supply, a better supply of filtered and unfiltered water, better sanitation in bustees, housing of the poor, free dispensaries and hospitals, maternity homes and free milk kitchens for the poor children, development of suburban areas, improved city transport and cheaper city administration. The Corporation has gone forward with this programme under successive nationalist mayors and councils. An idea of its achievements under the new regime may be had from the figures for primary education. In place of 19 Corporation Free Primary Schools in 1923-24 there are to-day 230 primary schools which give free instruction to 30,000 children in the city. The figures are quite impressive.

Municipalities

Besides the corporations of the three presidency towns there are about 770 municipalities in British India. As regards the composition of these municipalities, considerably more than half of the total members are elected. Elected members are almost everywhere in a majority.

Functions

The chief municipal functions relate to roads, building regulations, conservancy and sanitation, water supply, street-lighting, the regulation of the sale of foods and drugs, the regulation of markets, provision of burial and burning grounds, the registration of births and deaths, and the extinction and prevention of fire.

The Executive

The Chairman exercises all the powers vested in the Commissioners of the municipality. Very often some of the powers and duties of the Chairman are delegated by him to the Vice-Chairman.

The Chairman and the Vice-Chairman are honorary officers. Other municipal officers are paid from out of the municipal funds. Among important municipal officers are the Secretary, the Engineer, the Health Officer, the Assessor and Collector.

Municipal Income

Municipalities derive the greater portion of their income from municipal taxation—*e.g.*, rates levied on houses and buildings, taxes on trades and professions, taxes on animals and vehicles, tolls on roads, bridges and ferries and in some places, octroi duties. Income from municipal property, contribution from provincial revenues and receipts on miscellaneous items form only a little over one-third of the total. The total municipal income in India in 1928-29 was Rs. 17·36 crores.

Municipalities in Bengal

In the municipalities in Bengal three-fourths are to be elected and one-fourth only nominated by the Government. In the municipalities at Howrah, Dacca and Chittagong the elected members constitute four-fifths of the total. In the municipalities in Madras all the councillors are elected. Madras has thus forged ahead of Bengal.

Municipal progress in Bengal has been mainly due to the efforts of Sir Surendranath Banerjea at whose instance the Bengal Municipal Act was passed. The Act extended and liberalised the old institutions. Except in the case of municipalities in mill

areas where the principle of nomination is still retained to a considerable extent, all municipalities of Bengal elect their chairman. It is the purpose of the Act to invest the municipal commissioners with real power and responsibility in municipal matters. Government control in India exists more in theory than in practice and is not stricter than the control imposed by the English and French Governments over their respective local institutions.

Cantonment Boards

Urban areas where troops are stationed are called Cantonments. They are administered by largely elected Cantonment Boards with official presidents. "The final control of cantonment administration rests with the Army Department of the Government of India."

How our municipalities work—a description

The sphere of activities of the municipalities is largely prescribed by law. There are certain *duties* which must be done and are *obligatory* on them *e.g.*, water supply by a municipality, there are again others which may be done and are merely *permissive e.g.*, *child welfare* and maternity work.

The Councillors are mostly elected and hold office for three years, the Chairman or the Mayor being elected by and from amongst them. All of them are honorary. The position of the Chairman or Mayor of an Indian municipality carries with it prestige, dignity and numerous duties just like that of an English Mayor but no power like that of the American Mayors who control finances and appointments in American cities.

The real work is done not in the whole assembly of councillors or members but in the small committees. In no other way would it be possible to carry on the many complex duties of city or town government *e.g.*, finance, education, health, water-supply, markets etc. The Committees plan and supervise the work. The Committee system is really the basis of our present-day administration.

A very important part is played by the officials and the experts. Among the officials the most important is the executive

officer or the Secretary. Everything passes through his hands and on account of his experience, knowledge and position his opinion is often solicited in almost all matters. In addition to the Mayor or Chairman and the Councillors and the salaried officers there are also the experts, men who are specialists in their subjects and can give really useful advice (on such subjects as health, drainage, education, lighting) to the Councillors in the Committees who are not experts.

The big body, the municipal or corporation council, generally deals with only the broad outlines of administration and with general questions of policy.

Summary.

The municipal functions fall mainly under these four heads :
(a) health, (b) public safety, (c) convenience and (d) education.

Questions.

1. What are the functions of municipal government? Mention the principal sources of revenue of an Indian municipality. (C. U. 1926).
2. Sketch, in brief, the system of municipal government in Calcutta. (C. U. 1927, C. U. 1933).
3. Give an idea of how administration is carried on in a mufassil municipality in Bengal. (C. U. 1931).
4. Describe the constitution of the Calcutta Corporation. (C. U. 1934)

CHAPTER XVI

VILLAGE SELF-GOVERNMENT

For the kind of work which is done by corporations and municipalities in cities and towns the responsibility in rural areas lies with the District Boards, the Local Boards and the Union Boards or the Panchayets. From the very nature of things the method of work within the limited areas of towns and that in extensive rural areas must be different. But the problems are generally the same in the two cases though the cities have certain problems which are specially their own and the countryside has its own special problems to solve.

A plea for better Rural Self-Government*

The top heavy efforts at political reform in India have been characterised by carping and unfriendly criticism as 'the replacing of a white bureaucracy by a brown one' or 'the usurpation of power by the Hindu urban intelligentsia.'

India is mainly rural, and democracy in India to be real must be broad-based on the villages and the villagers. It is in our countless little villages that we must build Swaraj. The autonomous village *rajs*, if they rest truly on patriotic, healthy and prosperous villagers who are counted by hundred millions in India, will surely lead us to the greater Swaraj. Swaraj would then be no idle dream. It would then really be 'a government of the people, by the people and for the people.' Otherwise a mere show of democracy at the top will degenerate in a short time into an oligarchy.

India has long and honourable traditions in village self-government. 'The people of India are quite capable of administer-

* From an article by Mr. C. C. Dutt, I.C.S. (Retired) in the 6th Anniversary Number of the Calcutta Municipal Gazette.

ing their own affairs and the municipal feeling is deeply rooted in them. The village communities, each of which is a little republic, are the most abiding of Indian institutions'—Sir John Lawrence.

'With the decay and the virtual extinction of these village communities there has been a consequent decay in village life. The local bureaucrat lives in splendid isolation. The landlord is an absentee. The educated and the prosperous classes have left the villages. The villager to-day is mostly poor, uneducated and unorganised. He starves and sulks, his house a hovel, his roads in disrepair, his tanks silted up. He drags his dull, dreary existence for a few years and finishes his inglorious career with any fell epidemic that comes his way. With these people at the base, how can our Swaraj stand?

The villager needs help and he needs organisation most. He needs health, education and food,—and then will come political consciousness.

Organisations for village uplift fall under three heads—(a) voluntary, (b) semi-statutory and (c) statutory.'

The voluntary organisations (e.g., the I. N. Congress, The Servants of India Society, the Ramkrishna Mission) have worked for rural uplift and have attained varying measures of success. The Congress work for fighting such evils as untouchability and drunkenness, for encouraging the villager to spin and weave for himself has received universal approbation.'

Semi-statutory organisations such as anti-malarial and co-operative sale and purchase societies are also helping in the work of rural uplift.'

But if we want to rebuild the ancient village republics, we cannot do without the help of the state and the law.)

It is to the statutory village bodies that we must turn for the foundations of the fabric of Swaraj. Organised village life and a fairly advanced standard of education in Civics which would naturally develop through the popular working of these bodies, would give great strength to the national movement. (The Calcutta Corporation which started as a government department has in the hands of the people within a short period of time marshalled and organised the forces of national reconstruction and has been at the same time a powerful agency in our civic education).

{ Before the Act of 1919 came into force, the village Panchayet

principally looked after the rural police and was largely under the control of local police officers. In 1919 when the Government took up the question of self-government generally, the importance of rural autonomy came to be more fully recognised.

The Union Boards Act was passed, freeing the village punchayet from the control of the local police, giving it the new name of Union Board with enhanced prestige and enlarged sphere of activities. The official control of the District Magistrate is retained in the provision for nomination of one-third of the members. The educated classes have so long concentrated their interest in the municipal and legislative bodies. Their attention must now be turned to the rural boards, and with an increased interest and increased participation on their part the official authority is bound to relax.

The System of Rural Self-Government

The system of rural self-government is a hierarchy with the District Board at the top. *The smallest rural unit is the Punchayet or the Union Board.* Several Union Boards are grouped together under a *Local Board* whose jurisdiction extends to the whole of a sub-division. Over the several Local Boards in the district stands the *District Board*.

"In 1928-29, the number of District Boards and Sub-District (Local) Boards, together with Union Committees and Union Boards was 5,535. Of the 57,800 members of these bodies, about 68.5 per cent. were elected, and 31.5 per cent. were either *ex-officio* members or nominated. The receipts of those institutions (excluding Union Committees and Union Boards in Bengal, Bihar & Orissa) aggregated in 1928-29 about Rs. 16 crores."

District Boards

There is a District Board for every district in all the provinces, except in Assam. The elected members predominate in the District Boards as in the municipalities.

In Bengal a District Board consists of a number to be fixed

by the Local Government, not less than nine in any case. It shall include elected and nominated members.

The functions of a District Board relate chiefly to the primary needs of the district and may be classified under the following heads :

Functions

- (a) Education (primary and middle schools)
- (b) Medical (dispensaries and hospitals)
- (c) Public works (roads, bridges and markets)
- (d) Pounds and ferries
- (e) Sanitation
- (f) Vaccination
- (g) Census
- (h) Famine relief.

Finance

A District Board derives its income mainly from a cess or tax on the land (e.g., road and public works cesses). Other sources are from markets, pounds and ferries. The District Board may raise loans for financing its activities.

The principal items of expenditure are primary education, water-supply, medical relief and public works (construction and maintenance of roads, buildings, bridges, markets and ferries).

The accounts of the District Board are audited periodically by the Government.

In 1929-30 the total income of 26 District Boards in the province with an aggregate population of 44 millions was Rs. 1·4 crores—each District Board having an average income of nearly 5½ lakhs with only 5 annas and 2 pies per head of population.

The total expenditure in that year amounted to 1·43 crores of which 31% was spent on public works and only 8% or only 6 pies per head on public health.

Local, Taluka or Circle Boards

A Local Board is established by government notification for a sub-division and exercises the functions delegated to it from the District Board. The Local, Taluka or Circle Boards act in the sub-divisions as the agents of the District Boards. In the Punjab and the U. P. there are no Local or Taluka Boards while in Assam the Local Boards take the place of the District Boards. Like the District Board the Local Board has a non-official elected chairman with a non-official elected majority in the board. The Local Boards work with finances obtained by way of grants from the District Board.

In Bengal a Local Board consists of a number fixed by the Local Government but it must not be less than six.

The Union Board and the Panchayets

After the Local Board comes the Union Board or the Panchayet* where it has not been replaced by the Union Board. The Union Board is an elected body, sometimes with a sprinkling of nominated members, with an elected President. The jurisdiction of a board extends over a village or a group of villages.

In Bengal, the number of members of a Union Board shall not be less than six and more than nine. The members of the Union Board shall be elected but the local government may provide for the nomination of one-third of the members by the District Magistrate.

* It is to be noted that the Panchayet, which is the council of village elders is a very ancient institution. It has worked so well in the past that it has been retained even under the British Government. Even where the Panchayet is being replaced by a Union Board the change is more in form than in substance.

The Union Board shall act as the agent of the District Board and shall be subject to its control.

Functions

The first duty of the Panchayet or the Union Board is to keep the village peace and for that purpose to maintain 'chaukidars' or village watchmen.

The functions of the Union Board also include—

- (1) Village Roads and Bridges
- (2) Pounds
- (3) Primary Schools
- (4) Dispensaries
- (5) Registration of births and deaths
- (6) Village sanitation, conservancy and drainage, prevention of nuisances and regulation of fairs and *melas*
- (7) Village water supply
- (8) Administration of village justice through union courts in petty civil and criminal matters.

Finance

The revenue of a Union Board is derived from the union rates which the Board is authorised to levy, and also from grants made by the Local and District Boards.

In 1929-30 there were 4308 Union Boards in Bengal with a total income of Rs. 85 lakhs out of which only Rs. 12 lakhs came from the Union rates. The union boards spent a total sum of Rs. 83½ lakhs of which only 24¼ lakhs were spent on roads and bridges, public health, medical relief, water supply and education. The student will have an idea of the very meagre and insufficient sums allotted to welfare work amongst the masses when he is told that while the sum spent on the village police was nearly 60 lakhs the amount that was spent on public health and dispensary works by the 4308 union boards was only 1 lakh on each head, on

drainage and conservancy $1\frac{1}{2}$ lakhs, on education $3\frac{1}{4}$ lakhs and on water supply 7 lakhs.

Summary.

The functions of the rural bodies relate, primarily, to education, medical relief, maintenance of roads, bridges and markets, public health, sanitation, drainage, water-supply and famine relief.

Questions.

1. Briefly describe the organisation of rural self-government in Bengal. (C. U. 1927).
2. How far do union boards help to solve the rural problems of Bengal? (C. U. 1928).
3. Describe briefly the constitution and functions of the district boards in Bengal. (C. U. 1928).
4. Indicate with explanatory notes the powers and duties of a district board, of a municipality, of a local board and of a union board. (C. U. 1931)

CHAPTER XVII

SOME MUNICIPAL AND RURAL PROBLEMS

The student has already got an idea of the range of work which lies within the scope of the local bodies. Local self-government is of more direct and personal importance to us, the citizens, than most of us realise for it deals with our everyday life in all its details, *e.g.*, the water we drink, the food we take, the house we live in.

If we want to test how important it is to us we have only to make a selection of headlines from our newspapers. The headings may run like this—'High Mortality from Cholera and Small-pox This Week', 'Scavengers on Strike', 'Tuberculosis on the increase in the city,' 'Appalling Death-rate of Mothers', 'Shocking Tragedy', 'Family Dead from Food Poisoning', 'City Scandal—No water in the Bustees'. All these headlines illustrate the functions of local self-government. Questions of pure water supply, sanitary houses, education of children, freedom from infection and of public health generally are so vital in importance that they affect not only the happiness of the present generation but also of generations unborn.

All of us perhaps do not sufficiently realise that the future of the nation depends upon the children and that a healthy, vigorous and intelligent nation cannot be developed from among the stunted, ill-fed, ill-clad, ill-housed and ill-educated children whom we see to-day. Only when we would realise it fully our municipalities and rural boards as also we ourselves would appreciate the tremen-

dous responsibility thrust upon us as citizens. Public opinion in India is gradually becoming more enlightened and with better education and greater insistence on our part, reforms that are more than generations overdue will be introduced.

We shall refer now, in detail, to some of the special problems—urban as well as rural.

The city problems in India relate mainly to health and housing and food supply. Other allied problems are water supply, drainage and education.

A. City Problems

1. Health and Housing

(Many of our cities suffer from the smoke nuisance. In the city of Calcutta, for instance, thousands of tons of soot are discharged daily by the factory chimneys polluting the air we breathe, and this in addition to the kitchen smoke in our households for which there are no chimneys.) The smoke does irreparable harm to our lungs and is responsible for the alarming increase of lung diseases like tuberculosis of lungs in cities and towns.

(Very closely connected with health problems in the city is housing.) In fact much of the rapid deterioration of the health of urban people may be ascribed to bad housing.

(One of our big social questions to-day is the housing question. There has been and still there is a definite shortage of houses of a type that would meet the needs of the average citizen—a medium sized house, healthily built and available at a moderate rental.) If you come from the middle classes you have felt the shortage badly enough ;

if you belong to the working classes the problem is infinitely worse. The rents demanded are far in excess of what you can pay. (In Calcutta on a rough estimate we can say that a million houses are overcrowded and that we need at least a million new houses.) The people are herded together in small tenements or sheds like cattle. Bombay is worse than Calcutta in this respect.) There is overcrowding to excess with no thought of sanitation and no provision for the ordinary amenities of life.

(The bustees in the big industrial towns are a scandal. The poor workers live under conditions unbelievable unless one sees himself. The huts or sheds in which they live are awfully overcrowded with men and animals, bad buildings with very poor ventilation and perhaps no light, little or no sanitation, open drains seldom cleaned, with one tap in the courtyard to provide water for a hundred or more families to draw their supply from.)

(The Health Officer has powers under the law to order the demolition of a house or to insist on necessary repairs and alterations if he considers it unfit for human habitation.) But that would not solve the problem of inadequate housing. Inadequate housing is to be traced to the days when with the introduction of machinery and the starting of factories, people started pouring into the towns and occupying the few houses that existed or were hastily erected to accommodate them. Congestion is inevitable so long as housing is left to private enterprise. (The solution lies in a larger increase of accommodation to be provided by state grants to municipalities to encourage them to build, in particular, cheaper houses. The evils of bad housing have been aggravated in Indian cities by

the purdah observed by women and the ignorance amongst the masses.)

† In the whole scheme of Housing and Public Health has entered a new factor, that of *Town Planning*. In a growing town or city, the municipality can, with foresight, plan development schemes for its increasing population which will ensure not only healthy houses, with plenty of fresh air and lighting and good sanitation but also finely laid out parks and open spaces with separate commercial and residential districts. In the matter of health our aim should be *"to prevent such disease as is preventible, to lengthen man's life and to make it happier and more effective"* as in the matter of housing our principle should be to see that *"each family in a civilised community possesses an inalienable right to a minimum standard of comfort in the house."*†

(The Health Officer, who must be fully qualified, has a great responsibility upon him specially in big congested cities and his work, which is of the very highest nature, cannot be successful unless he has loyal and active support from his employers, the citizens. (He is to be assisted by a competent staff of sanitary inspectors, inspectors of nuisances and health visitors.)

(Not only has he to exercise vigilance over the food and water supply but he has to stop nuisances, control infection and take special measures against special diseases e.g., small-pox, cholera, tuberculosis, typhoid, venereal diseases. It is only very lately that our health officers have turned their attention to maternity and child welfare)on

* Sir George Newman.

† Inter-Allied Congress on National Housing, 1920.

which subject public opinion has been very vocal for the last five or six years—a belated recognition of the elemental truth that on the health of our mothers depends the future of the race.

(But still more can be done if there be co-ordination between the school and health authorities. It is not enough that a baby is born healthy, we have to take care that the baby develops into a healthy boy or girl. For this, progressive authorities should take charge of school health as well—the care of health of children in school.)

City Improvement

Improvement and Development Trusts have been established in Calcutta, Bombay, Rangoon, Allahabad, Lucknow, Cawnpore and some other big cities. Old cities are being re-laid and town planning proceeds to-day on a line which combines beauty with health.

The Calcutta Improvement Trust

(The Calcutta Improvement Trust is a statutory body which was set up in January 1912 with a view to providing for the improvement and expansion of Calcutta by opening up congested areas, laying out new roads, widening the streets, and providing play-grounds, parks and open spaces. It is demolishing old buildings and constructing new ones, and also providing for the housing of the poor and middle classes by building houses and barracks where suitable accommodation can be had at comparatively cheap rents.)

(The problem of expansion of the city of Calcutta has been difficult because of her peculiar situation. Hedged in as she is between the Hooghly and the Salt Lakes,

the city could be extended only on the northern and southern sides. The Improvement Trust is now busy developing the suburban areas of Ballygunge, Dhakuria, Tollygunge, Cossipore, Baranagore and Narkeldanga. The Trust is also removing the bustees from the heart of the city where many fine roads and avenues have been laid out—the most important of which is the Chittaranjan Avenue named after the first Mayor of the city. The Avenue is one hundred feet wide and it runs from Chowringhee through Beadon Street up to Shambazar. Spacious and beautiful parks and play-grounds have been laid out to enhance the beauty of the city and to add to the amenities of city life. In the southern part of the city the Dhakuria Lake and the grounds adjoining, which have been recently opened out by the Trust, have become a favourite retreat during the evening hours for the city's jaded people. In the north of the city the most important of the Trust's achievements in the way of providing recreation grounds has been the completion of the beautiful Deshabandhu Park and the Cossipur-Chitpur Park with their extensive play-grounds.)

{ Calcutta has to-day open public spaces measuring 1500 acres (the maidan alone measuring about 1000 acres). 250 acres of this area have been added by the operations of the Improvement Trust. Calcutta is now almost on a par with London as regards open spaces.)

{ To meet the growing traffic requirements, old bridges are being replaced by modern and up-to-date bridges with wide approaches. Mention might be made of the Chitpur, Maniktala, Narikeldanga, Belliaghata and Kidderpore

bridges. These new bridges compare favourably with the best London bridges.)

2. Port administration

The Port Trust or Port Commissioners

(In the major ports of India e.g., Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong, there are Port Trusts composed mainly of representatives of the Government, of the European and the Indian Chambers of Commerce, of the local Corporations or municipalities, and of the Railways which connect these ports with the important inland centres of business. The Port Trusts are at present dominated by European majorities.)

(The business of the Port Commissioners is to administer the port, to provide port facilities to all ships which arrive and depart, and to warehouse the merchandise that goes out of or comes into the country in the big godowns such as are to be found on the Strand in Calcutta. The Port Trust derives a large revenue from shipping dues and also from the warehouses.)

3. Food Supply

(It is one of the duties of a municipality to see that the supply of food for the population within its areas is wholesome and adequate.' It has, therefore, to provide suitable marketing facilities by maintaining and regulating markets.

(Moreover, the danger of food adulteration is great in the towns now-a-days. Every municipality should take effective steps to minimise this danger as far as practicable.) Since a municipality is responsible for the conservation of the health of the people living within its jurisdiction, it is one of its foremost duties to see that the supply of food for the people is not only adequate but pure as well.

(With regard to food, the Inspectors have wide powers for protecting your health under the Municipal Acts and

the Food and Drugs Acts. They can enter bazars, shops and buildings to inspect fish and meat (or live animals), poultry, vegetables, ghee, oils, sweets, fruit and milk as also the drugs that are meant for sale to the public. If in the opinion of the Inspector or of the Analyst, the food be unwholesome or in any way unfit for human consumption, it is, by order of a magistrate, condemned and destroyed and the person who kept it for sale is heavily fined.) Eventually the sale of impure food does not depend so much on the Health Officer or the Food Inspector under him as on the public itself. There still exists a lamentable amount of ignorance about the evil effects of impure food although the municipal health officers are persistently pointing out the dangers of flies and other insects as germ carriers, of the possibilities of food poisoning through careless preparation and the spread of infection from dirty or careless handling or exposure of foods for sale. (Milk and dairies in India should receive special attention. To ensure this every municipality must have sanitary inspectors, adequate in number, qualified by examination, who, to be honest and efficient should be properly paid and be whole time officers.)

(i) Milk Supply

(The problem of pure milk supply has become very acute in the towns, specially so in a town like Calcutta. Its supply of milk is painfully scanty and notoriously bad. Milk is the chief food for infants and is also a wholesome food for persons of all ages. But the milk which is sold in the Calcutta markets is mostly adulterated and bacteriologically unclean and impure. The question

is a serious one since milk which is an ideal food for all can, if impure, be responsible for more deaths and sickness than all other foods. The principal milk-borne diseases are Typhoid, Diarrhoea, Dysentery and Tuberculosis.) It is, therefore, as necessary to ensure a supply of good milk as to control its marketing.'

It seems that the problem can be solved effectively only by the co-operative method.) In Calcutta an interesting experiment is being made in milk supply by way of co-operation and it has been very successful within the limits of its operation.

The Co-operative Milk Union Limited

(The Co-operative Milk Union Limited has been subsidised by the Corporation of Calcutta to the extent of Rs. 50,000. The Society has been instructing the milkmen in the hygienic essentials about cowmilk. The Society has engaged the services of Veterinary Inspectors, who go about inspecting and examining the cattle in the milk-supply areas.)

(The Society consists of members drawn from milkmen in the neighbourhood of Calcutta. The milk which is produced by these milkmen is transported by rail in sealed cans to the Society's headquarters at Bowbazar where the milk is pasteurised before it is delivered to the Society's customers in sealed bottles which are washed and disinfected daily. The prices charged by the Society are not high in comparison with the prices charged by the ordinary milkman.) It is a great service that the Society is rendering in supplying to the people unadulterated pure milk of a standard quality at moderate prices. The milkmen

members of the Society are also benefiting through the organisation, because they are being taught to take greater care of their cows which are giving more milk than before. At the same time they are able to realise, through the Society, better prices for their produce which, if sold to the middleman, would have brought very much less. (The result is that the producer as well as the consumer are being benefited.)

(ii) Ghee, Oils

What has been said of milk may be equally said of many other food-articles, specially ghee and oil. The danger of adulteration of these essential food articles is very great and in Calcutta the Corporation Food Inspectors go about keeping a sharp eye not only on the dealers and manufacturers of ghee and oils but also on the hotels, restaurants and eating houses.

But inspite of this vigilance on the part of the Corporation there has been an alarming increase in the use of what is known as vegetable ghee which has got practically no food-value. Vegetable ghee should be placed under a ban by our municipal authorities.

(iii) Fish

(As a result of a special enquiry it has recently come to the knowledge of the public that the fish supply of Calcutta is the monopoly of a dozen fishermen who are making 500% profits. The increase in the prices of fish has led to a decline in its consumption by the middle and lower classes of Bengalees who need it most. It has been estimated that if the monopoly is broken the prices of most fish that is being sold in Calcutta would come down to 4as. per seer even after making an allowance of 40% profits to the fishermen.)

(A welcome change in the supply and cheapening of the essential food-articles in the city can be brought about by the starting of co-operative societies on the model of the Milk Supply Union. People would then get food-articles of good quality at prices within the reach of all.)

B. Rural Problems

The rural problems, as the student is already aware, are mainly related to water-supply, drainage, sanitation, public health and education.

1. Water Supply

(The problems of water-supply are very acute in some parts of the country.) There are villages where no water can be had in the summer months and villagers have to fetch water from great distances. (Water for the purposes of drinking and cooking is drawn from the nearest available source, no matter whether it be a well or a tank or a river and no matter in what condition it might be.)

Again, in villages more fortunate in having a good water-supply the insanitary habits of the people, of which there are many, make contamination easy. In either case, the danger to public health is great.)

(The question of pure water-supply in the rural areas is, therefore, a most important one. Tanks are costly and are difficult to be guarded against contamination. Therefore, tube-wells have been recommended as very convenient sources of supply and as affording large and almost unlimited supply of pure drinking water at a relatively small cost. The local bodies, however, on whom lies the responsibility of tackling this enormous problem, cannot be expected to solve it fully unless government comes substantially to their help. Government grants to District Boards for the improvement of rural water-supply have so far been meagre and inadequate. But the best help always is self-help. If the villagers combine among them-

selves and form a co-operative society they can remove water scarcity.)

2. Drainage

(The drainage of the country is also another important problem but a problem to which insufficient attention is being given at present. Drainage operations are always costly and the local bodies have not got the means to finance any extensive drainage schemes.)

(The provincial government should formulate a policy of improving the drainage system of the province as a whole and should come generously to the aid of the local bodies in executing this policy.)

(The railways, which have been mainly instrumental in distributing the natural drainage system of the country, should be made to bear a part of the financial responsibility in any future drainage scheme of the country.)

3. Sanitation

It is a matter of satisfaction that the question of sanitation has received much public attention within recent years and we see to-day many Palli Samitis, organised through private efforts, mainly on co-operative lines, working for the improvement of sanitation in villages.)

(The problem of sanitation in villages, for which the responsibility has been thrown on the local bodies, has been neglected by those authorities because they have not got the necessary funds to undertake any elaborate scheme. The Village Self-Government Act of 1919 empowered them to look after the sanitation and public health of villages but the Act did not make any adequate

provision for the finance that would undoubtedly be required for the carrying out of the work allotted to them.)

It is indeed gratifying that a sanitary and public health campaign has been inaugurated by the Public Health Department of the Government of Bengal. The department is undoubtedly doing good work but no substantial progress can be achieved unless and until the government comes forward more liberally to the aid of the people. The people in some parts are doing their part but much yet remains to be done. Any general scheme for the improvement of sanitation in the villages must primarily aim at rousing the sanitary conscience of the people by popular education, providing for a good water-supply, proper conservancy arrangements and protection against malaria, hookworm and water-borne diseases such as cholera.)

Education

A problem of the greatest importance, both rural and urban, is that of education. The local bodies are immediately responsible for education in the primary stages.) For a discussion of this subject the student is referred to the section under Primary Education in the chapter that follows.

Other rural problems are agriculture and rural industries, communications and markets.

Summary.

The principal city problems arise out of congestion and overcrowding. The remedies are being provided by the joint efforts of the City Improvement Trusts and the Municipalities.

Some other city problems relate to the city food supply, particularly the supply of milk, ghee, oils and fish. These problems

can be satisfactorily solved by co-operation and with municipal support as the Co-operative Milk Union of Calcutta is seeking to solve the problem of milk.

The principal rural problems are those of water-supply, drainage, sanitation, public health and education.

These problems are more difficult to solve unless they are tackled boldly. The Government should come generously to the aid of the rural bodies which are handicapped financially. But the best help always is self-help. If the villagers organise themselves into co-operative societies they can change, as at places they have changed, the condition of the countryside.

Questions.

1. What are the principal city problems? How would you solve them?
2. Discuss the problems of water-supply and sanitation in the villages. How should they be tackled?
3. Write short notes on (a) Calcutta Port Commission (Trust) (C. U. 1933), (b) Calcutta Improvement Trust.

CHAPTER XVIII

EDUCATION

Educational Authorities

Central

(The Government of India is directly responsible for education in all those areas (excepting Coorg) which are not included in the ten governors' provinces. The Hindu University at Benares, the Muslim University at Aligarh and the Central Research Institutes are also under the direct supervision of the Government of India. The Chiefs' Colleges, too, form a charge of the Central Government.

Over and above all these, the Education Department of the Government of India directs the educational policy of British India as a whole.

Provincial

(In each of the governors' provinces education is a provincial subject administered by ministers responsible to the provincial legislatures. European education, however, has not been transferred to popular control and is looked after by a member of the Governor's Executive Council.)

Permanent staff. At the head of the permanent staff of the Education Department in each province is the Director of Public Instruction. He has under him an elaborate inspecting staff consisting of divisional inspectors, district inspectors, deputy-inspectors and sub-inspectors of schools. The teaching staff of the government colleges and schools is also under the direct control of the Director of Public Instruction.

Universities

(There are eighteen universities in India of which two, namely, the Osmania University at Hyderabad and the University of Mysore belong to the Indian States. The universities in British India are the Calcutta, Madras,

Bombay, Punjab, Allahabad, Benares Hindu, Patna, Dacca, Aligarh Muslim, Rangoon, Lucknow, Delhi, Nagpur, Andhra, Agra and Annamalai Universities.

The university prescribes the syllabi and text books for the different examinations. It holds examinations and grants certificates and degrees. Some of the universities also undertake teaching, undergraduate as well as post-graduate. Colleges are under the control of the university to which they are affiliated.)

The Calcutta University

(The Calcutta University is the premier University in modern Asia. It is a teaching as well as an examining university. It holds examinations and confers degrees in Arts, Science, Law, Medicine and Engineering. It imparts postgraduate instruction in the arts and sciences and holds certain undergraduate classes also.)

(The control over some hundreds of schools imparting secondary education in this province is jointly exercised by the Calcutta University and the Education Department of the Government of Bengal. While the schools are periodically inspected by the inspecting staff under the Director of Public Instruction, the University holds the entrance examination to its affiliated colleges. This examination is known as the Matriculation. The syllabi for this examination as well as for the Intermediate and the Degree examinations are prescribed by the University.)

(The Governor of Bengal is the Chancellor, *ex-officio*, of the Calcutta University. The University executive is a body known as the Syndicate which meets under the presidency of the Vice-Chancellor who is nominated by the Chancellor. The Registrar is the chief executive officer of the University. The Syndicate is subject to the general supervision of the bigger deliberative body known as the Senate whose members are partly elected by the registered graduates of the University and partly nominated by the Chancellor.)

The Dacca University

(The University at Dacca is a teaching university of a residential type. It holds both undergraduate and postgraduate classes. Its

territorial jurisdiction is limited to a small area, the immediate neighbourhood of Dacca. It has nothing to do with school or intermediate education which in the town of Dacca and within ten miles of it has been placed under a Board of Secondary Education.)

Colleges

(Colleges in British India exceed 300 of which only a few are meant exclusively for girls.)

(In 1929-30 in Bengal's 48 arts colleges the number of male students was nearly 22,700 while female students in that year numbered only 525.) From this the reader may have an idea of the backwardness of female education in the country. The disparity, of course, would be less glaring but still great in volume, in the primary stages.

(Colleges are of two grades. The *First Grade* Colleges teach up to the B.A. or B.Sc. standard and the *Second Grade* or Intermediate Colleges teach up to the First Arts or Intermediate standard. A certain number of colleges are wholly maintained by the Government while some receive only grants-in-aid from the Government. The rest are maintained out of tuition-fees and public endowments.)

Secondary Education

(Secondary education is imparted in the High and Middle English Schools. These high schools prepare students for the School Final or Matriculation examination on passing which they can enter colleges.)

(In the report on secondary education in Bengal for 1929-30 we find there are 1066 high schools for boys and

only 57 for girls) imparting instruction to roughly 271,500 boys and 14,000 girls, respectively.

As we have seen before, in Bengal (except within the city limits of Dacca where there is a Board of Secondary Education), it is the university which holds the examination. (Secondary education in Bengal is, therefore, considerably under the control of the University which has recently introduced a series of notable reforms the most important of which is the introduction of vernacular as the medium of instruction and examination.) This is calculated to give a fillip to secondary education in Bengal.

Primary Education

Primary education has been regarded as a purely local charge and as such has been left to the care of municipalities, district boards and local boards. There are government grants, no doubt, but the control of the primary schools lies to-day mainly in the hands of the above-mentioned local committees.

The number of primary schools maintained is large, the figures for 1929-30 being nearly 43,000 primary schools for nearly 1,500,000 boys and 16,000 schools for 477,000 girls ; but the quality and quantity of instruction imparted are altogether unsatisfactory.

With all these figures we have in Bengal only 6% of the total population in our schools and colleges.

The problem of illiteracy

The vast illiteracy of the masses is a stupendous fact which arrests the serious attention of all thinking men in this country. "The popular cry in India to-day is for elementary education, and

so far as the Government of India is concerned, it is like one crying in the wilderness."

(Approximately only 6% of the population in India is literate and in Bengal nearly 9% of a total population of over 45 millions is literate. Even out of this small percentage of literate persons a large number, who have received only primary education, relapse into illiteracy within a few years.)

(The Hartog Committee, which was appointed to enquire into the progress of education in India during the last ten years, has observed that throughout the educational system there is *waste and ineffectiveness* and the waste is appalling in the primary stage. The Hartog Committee has, further, pointed out that the increase in recent years in the number of pupils in schools does not indicate a proportionate increase in literacy, because, most children, who never get beyond the lowest classes of the primary schools, readily *relapse into illiteracy* when they come back to the fields after four years of inefficient schooling.) The waste, both educational and economic, is huge.

'The problem for the educationist who wants to fight the illiteracy of the masses is the problem of the reorganisation of primary education on more efficient lines.' This must be on an intensive as well as extensive scale. (Primary education in order to be effective should be free as well as compulsory up to a certain age. It must also be universal embracing both boys and girls. *Free and compulsory universal primary education should, therefore, be the avowed goal of a well-directed educational policy.*)

(An educational campaign, with a view to eradicating illiteracy, needs money which, unfortunately, our government profess they cannot well spare. It is this lack of funds which has prevented the ministers from doing what they could otherwise do to spread education among the masses.) But the matter is so very important that neither government nor the people should leave any stone unturned for finding means for the solution, which is long overdue, of this great problem.

(The Hartog Committee observes that, in order to eliminate the waste in the present system, *education should be centralised*, that is, the educational policy should be a direct charge of the Government of India which should serve as a centre of information for all provinces, should provide funds to such of them as want assistance and should co-ordinate the experiences of the different

provinces.) But it is unlikely that the Government of India will be able, in the immediate future, to supply either the energy or the money required for a successful pursuit of a vigorous policy of primary education as has been advocated above. The problem of education must, therefore, remain, for some time yet, a problem to be grappled by the provinces.

It may be noted that (a Bill providing for free and compulsory primary education for girls and boys of school-going age has been passed by the Bengal Legislative Council.) It is heartening to think that the problem is being tackled simultaneously in the Central Provinces, the United Provinces, Bombay and the Punjab.

Educational Reform

We have discussed so far the problem of illiteracy and its solution through universal, free and compulsory primary education. But we have also to note the dissatisfaction that has, for sometime past, been generally felt in respect of the modern system of English education in India as a whole. There are two classes of critics, one class describes the present system as a denationalising one and the other condemns it in as much as it is wasteful and does not help the majority of students to a career of economic success.)

A. National Education

The cry for national education was raised more than a quarter of a century back. (It was felt that the education which our students were getting did not help to foster a national outlook in them. The birth of the National Council of Education in Bengal was due to this new feeling. There grew up also other institutions whose object was to impart instruction from the nationalist point of view. It was not that everything western was to be disregarded or abjured but what was insisted on was that

western learning was to be acquired in consonance with the spirit of Indian culture. Notable examples of this attempt to inculcate in our students a growing respect for Indian culture and civilisation are to be found in Dr. Tagore's school *Viswabharati* at Bolpur, the Gurukula at Hardwar, Mahatma Gandhi's school at Sabarmati and the late Hakim Ajmal Khan's 'Tibbiya College at Delhi.'

B. Vocational Education

To the criticism of the second class of critics *the modern cry for vocational training of students owes its birth. Vocational education is that education which equips a man with such knowledge, skill or capacity as directly helps him to take to some art or industry as an occupation and means of livelihood.*

It has been increasingly felt for some years past that the general education imparted under the present system helps very little to solve life's great economic problems. Dissatisfaction, due to this cause, is intense among educated middle class people. Accordingly, there has been a growing demand for vocational education which would enable our youngmen to make a living.

Provision for technical education is as yet too small but efforts are being made both by private individuals as well as by the Government to meet the demand. The present unemployment among educated middle class people has been a great eye-opener in this matter.

The present position as regards professional and technical education is as follows.

Besides the colleges of agriculture in Poona, Nagpur and Coimbatore and several agricultural schools in the provinces we have the research institute at Pusa, started by Lord Curzon, which has done good work but will soon be transferred to the neighbourhood of Delhi.

There is the famous Indian Institute of Science at Bangalore and there are Engineering Colleges at Sibpore, Roorkee, Benares, Poona, Madras, Rangoon and Patna with a few engineering schools in the country. The Bengal Technical Institute, managed by the National Council of Education, Bengal, also imparts instruction in engineering in addition to other technical and mechanical training.

For medical instruction in India there are only 45 schools and colleges in the whole of India.

Of Law colleges and schools there are more than fifteen in India and the number is deemed sufficient.

Industrial schools are to be found all over India but their number is small. Some of them are maintained by the government while most depend upon local self-governing bodies and private munificence. The Victoria Jubilee Technical Institute in Bombay, the Institute of Technology at Cawnpore and the Institute of Metallurgy at Jamshedpur are well-known. Opportunities are also offered for technical and mechanical instruction by the various Railways and other workshops which take in apprentices. The Mining School at Dhanbad is an important institution.

Opportunities are also increasingly available now for commercial education.

Schools of Arts and Crafts are in existence at many places. In some of them in addition to the fine arts (painting and sculpture) crafts can also be learnt.

But the accommodation in all these institutions is necessarily limited and the training, in some cases, expensive.

Facilities for professional and technical education such as agriculture, science, engineering and medicine are hopelessly inadequate in India judged by their number and the needs of the country. Great congestion and pressure for admission into these colleges is reported from almost all provinces. The State should find increased and cheaper facilities for industrial and vocational training.

Education of Women

The education of girls is as much important as the education of boys, if not more so, because the education of the girl is the education of the mother. It has, therefore, been urged that the school education of each additional girl counts for more than the school education of an additional boy. Accordingly, in the interests of the advance of Indian education as a whole, priority should

now be given to the claims of girls' education in every scheme of educational expansion.

There are few women's colleges in India, the number in Bengal being only four. The paucity of women's colleges would naturally lead one to consider the desirability of having more colleges for them. But since separate institutions for them would not be possible in the present stage of women's education, chiefly on grounds of economy they are being received more and more in the men's institutions.

(Most of the districts to-day have each got a high school for girls. But the facilities offered are not at all adequate to meet the ever-increasing demand. It is a matter of great pity that our girls, due to early marriage and purdah, contribute, more than the boys, to the huge waste at the primary stage of education) to which we have already referred.

The All India Women's Conference

On the subject of the education of women, the activities of the All-India Women's Conference for educational and social reform deserve special mention. (Remarkable progress has been achieved by women since they held their first conference in 1926. The promoters have built up a large, responsible and well co-ordinated organisation for expressing the opinion of the women of India on the more important matters affecting their welfare. At first the conferences were devoted to educational questions only but the scope of their activities has rapidly widened and the organisation is now subdivided into Educational and Social Sections. The educational section concerns itself chiefly with primary education and with the spread of education in general. Recently it has established an All-India Women's Education Fund. The social section movement by lifting the purdah, by its support to the Sarda Act and by liberalising public opinion has

considerably helped forward the women's education movement in India.)

European Education

It should be noted that European education has not been transferred to the control of ministers but has been reserved as a portfolio for a member of the Governor's executive council.

Discrimination is made by Government in the matter of making grants to Indian and European education. The average expenditure incurred by Government for a European student is many times higher than what Government spends on an average Indian student.) This has been a subject for criticism by Indians for a long time.

Physical Education

(The need of physical training as a part of the education of our boys and girls is being increasingly felt) and the demand for compulsory physical training in educational institutions is becoming more and more insistent.

(The Physical Education movement has started well. Provinces now employ wholtime directors of physical education. In Calcutta and in some other places the University authorities have begun to recognise the importance of physical education. Students' Welfare Committees are being set up to look after the health of students attending schools and colleges and school hygiene is increasingly becoming a public concern.)

It may not be out of place to refer here to a resolution passed by the Legislative Assembly on 15th Feb., 1929 by which the Assembly recommended to the Governor-General in Council that "with a view to remove the defects in training of the character of Indian youths steps should be taken as early as possible to provide compulsory physical training, games and drill for Indian boys attending schools and colleges between the ages of 12 and 20 and to provide and encourage the use of miniature rifle ranges."

The movement for physical education has extended beyond the scope of educational institutions and we have the evidence of a new zeal for physical culture in the growing strength of the Public Playground Movement initiated in Calcutta and in other large cities,

This movement has an important bearing on the problems of national defence and security.

Summary.

Education is mainly a provincial and transferred subject. Education is divided into three stages (i) higher, (ii) secondary, (iii) primary. Higher education is given in the universities and the colleges, secondary education in the High and Middle English Schools and primary education in the Primary Schools.

The problem of illiteracy is the greatest educational problem in India.

Besides the demand for compulsory and free primary education, there is also a demand for national and vocational education.

The importance of female education and of physical education in the country is being more and more recognised. The All-India Women's Conference movement and the Physical Education movement deserve special study.

Questions.

1. Is Education a central or a provincial subject? What steps have the Government taken to promote education in India?
2. Indicate the importance of female education in India. Should there be free and compulsory primary education in India?
3. What do you understand by vocational education? Show the importance of vocational education in the national life of India. (C. U. 1928).
4. What steps would you suggest for the spread of primary education in Bengal? (C. U. 1931).

CHAPTER XIX

MEDICAL RELIEF AND SANITATION

{Public Health is primarily the concern of the provincial governments but the central government still exercises certain residuary functions in connection with it. These functions consist "chiefly in the assistance and guidance of research, the power to take action in respect of infectious and contagious diseases, and participation in international medical activities." With regard to medical research activities (*e.g.*, researches in the tropical diseases) the institutions that are looked after by the central government and which deserve special mention are the Indian Research Fund Association established in 1911, the Central Medical Research Institute and the All-India Institute of Public Health, Calcutta, magnificently endowed (the grant will ultimately amount to \$648,00) by the Rockefeller Foundation of New York)

{The administration of medical relief in the province is under the administrative control of an officer of the Indian Medical Service who is designated the Surgeon General in the three presidencies of Bengal, Madras and Bombay. In other provinces he is known as the Inspector General of Civil Hospitals. Medical relief as also medical education are placed under his charge.)

{The problems of sanitation and public health in a province are tackled by another officer who is known

as the Director of Public Health. Both these officers are subordinate to the minister who remains responsible to the Legislative Council for the working of the Medical and Public Health Departments.)

(The Surgeon General administers medical relief through the Civil Surgeons, who are in charge of the medical arrangements in the districts, and are assisted in their work by Assistant Surgeons and Sub-Assistant Surgeons in the main and sub-divisional government hospitals. The Civil Surgeon has also to help the local authorities (Municipalities and District Boards) in the management of their hospitals and dispensaries.)

(The sanitation work is looked after by the Director of Public Health through Assistant Directors and other Officers employed by the local authorities.)

(The Surgeon General is concerned with the curative aspects, with the problems of cure ; whereas the Director of Public Health is concerned with the preventive aspects, that is, with how people can be prevented from getting ill. We all know the old adage, "Prevention is better than cure." The death rate from preventible diseases being appallingly high in India, public health work is very important in our country.*

***The rural public health organisation in Bengal**

In 1925 the late Mr. C. R. Das outlined in the Bengal Legislative Council a scheme of public health organisation the broad outlines of which were adopted by the Government of Bengal in 1927 when it initiated the new public health organisation.

Under the scheme every thana unit, aggregating nearly 600 in number, has been constituted into a health circle staffed by a non-medical Sanitary Inspector, a health assistant and a carrier servant at a maximum average annual cost of Rs. 2,000/- for each circle.

The new organisation is controlled by district boards all of whom employ District Health Officers. The primary aim is to

The Government maintains a number of hospitals for the treatment of mental diseases. These are popularly known as lunatic asylums. Again, there is, in each province a veterinary department ministering to the needs of animals.)

In large cities and towns there are not only government hospitals but also many hospitals endowed by private individuals. In the city of Calcutta, for instance, besides the hospitals maintained by government we have that splendid group of hospitals attached to the Carmichael Medical College—mostly the result of private effort and private munificence, the Marwari Hospital, Chittaranjan Hospital and the Seva Sadan. There is also a number of less important hospitals besides the numerous municipal dispensaries in the various wards of the city.

(Medical education for the treatment of human as well as cattle diseases is provided for in the various medical colleges and schools in the country, most of which are managed by the state. The last few years have been marked by a growth of private enterprise in this matter and many institutions, recently started for medical education as well as treatment, owe their existence to private effort.

The problem of health

(The problem of health is literally the most vital problem in India to-day.) The most casual observer who looks into the vital statistics of India will be shocked by the terrible child mortality figures and the awfully high death rate in preventable diseases.

prevent and, if necessary, control epidemics in the mofussil besides the spread of the knowledge of elementary hygiene and sanitation in the homes of the villagers by personal influence, health talks and simple demonstrations.

The tolls which are exacted by Cholera, Malaria and other diseases every year are heavy beyond imagination. It is indeed unfortunate that both the people and the government have begun to realise the full implications of the tragedy only very lately.

It is to be remembered that a successful attack on a problem of such proportions as India presents is impossible unless the State assumes the greater portion of the responsibility. Let us take, for example, the scourge of malaria. One of the main reasons why Bengal has become the happy breeding ground of the death-dealing mosquito is that the natural drainage system of the land has been badly disturbed by the railway embankments which have been built without keeping an eye on the public health of the country.) The question of drainage cannot be dealt with locally by a district or by a subdivision. It is a matter which should engage the attention of the government which, by the pursuit of a well-directed policy, can solve this life and death problem.

(The poverty and ignorance, which are at the root of the insanitary conditions in which the people live, can be successfully fought only if the State undertakes the task.) It is not suggested for a moment that private enterprise is not called for. But it is emphasised that (private enterprise,) with its naturally small resources, (must be largely supplemented by government help if a real solution is to be reached. The first thing necessary, however, is a realisation of the magnitude of the problem.) It is a matter of satisfaction that the social conscience is growing keener every day. The number of men and women, attracted by social service, is daily increasing in number. Public opinion with regard to public health has been growing in volume and in intensity. May it co-ordinate the activities of the State and those of the unofficial agencies in the great task of giving back health, peace and contentment to this unhappy land of ours.

Summary.

Medical relief is administered by the Surgeon-General who is concerned with curative medicine.

The Director of Public Health who concerns himself with preventive medicine is in charge of sanitation.

Both kinds of work have great importance in this country.

The problem of health, like the problem of illiteracy, is one demanding our immediate attention.

Questions.

1. Briefly describe the system of medical administration in the Indian provinces.

CHAPTER XX

1919 AND AFTER

The Government of India Act of 1919 and its provisions are essentially transitional. The intention of its makers was not to set up a new and permanent constitution, but to make such changes in the law as would lead to *'the progressive realisation of responsible government in British India as an integral part of the British Empire.'*

In this chapter we shall trace the course of events during the period of transition and we shall consider how far we have advanced towards our goal.

The survey of political events should begin with the dissatisfaction of political India with the Reforms of 1919 as expressed in the sessions of the Indian National Congress at Amritsar. The irresponsible government at the centre and the hybrid form of government known as Dyarchy* in the provinces came in for strong criticism.

The Non-co-operation Movement of 1921

(To give expression to the indignant feelings of an already dissatisfied people—the indignation caused by the Martial Law

***Dyarchy—why it failed**

The experiment in double government introduced in the provinces by the Montagu-Chelmsford Reforms is known as Dyarchy. Dyarchy failed for the following reasons.

(1) Government is an organic whole and cannot be divided into water-tight compartments. (2) The lack of funds greatly handicapped the work of the Ministers in nation-building departments. (3) The Ministers had no collective responsibility which is an important principle of ministerial government. (4) The Ministers had virtually no control over the services particularly over the Europeans. (5) Dyarchy never had a fair trial. It had to encounter popular hostility from the very start, first, from the non-co-operation boycott and later, from the Swarajists.

regime in the Punjab and by the dismemberment of the Turkish Empire—Mahatma Gandhi inaugurated the non-co-operation movement in 1921 advocating a boycott on political, economic and moral grounds. Intoxicating drinks, foreign cloth, the 'Reformed' Legislatures, the law courts and the educational institutions were all placed under the ban. Hindu-Muslim unity, the removal of untouchability, the use of the home-spun, arbitration of disputes, national education formed the major planks of the constructive part of the non-co-operation programme.

The movement failed to achieve the ultimate end, Swaraj, but was able to create a political consciousness among the people and to rouse the dumb millions of India from their 'pathetic contentment'.)

The Swarajists and the National Demand

(The apparent failure of the movement led a section of the Congressmen headed by Mr. C. R. Das and Pundit Motilal Nehru to advocate a change of policy. They urged a relaxation of the boycott of councils and favoured the entry into the legislatures with the avowed object of destroying them from within by persistent obstruction to government. The party* which they formed became known as the Swarajist party.) (The Swarajists contested the general elections of 1923 and were returned in over-

* The party-system has not struck roots deep in India.

The only really well-organised and disciplined party with a definite programme, although a negative one, was that of the Swarajists who had been keen and vigilant critics of the government. The Swarajists are now absorbed in the Congress Party which dominates the political arena in India. The party has its press, funds, organisation and a somewhat strict discipline.

There is no second party in India worth the name. Although party groups on an all-India basis have appeared as Nationalists, Liberals and Responsivists, these have not so far played a very conspicuous part in the political life of the country.

The principle of communal representation has had a harmful effect on party organisation in India.

Parties have been formed in India not according to the political or economic principles held but according to the com-

whelming majority in Bengal and in the Central Provinces.) They also secured a working majority in most other provinces and in the Legislative Assembly.

(In 1924, the Indian Legislative Assembly passed a resolution, sponsored by Pundit Motilal Nehru, leader of the Swarajists in the Assembly embodying the National Demand. The demand, which was reiterated by the Assembly in 1925, was for a responsible form of government for India closely following the Dominion type and suggesting a Round Table Conference between the representatives of Great Britain and the Indian leaders for this purpose.)

With Lord Irwin's arrival in India in 1926 the prospects of peace apparently improved. But events took an entirely opposite turn.

Simon Commission

(In accordance with the provisions of the Government of India Act 1919 the British Government appointed a Royal Commission in 1928 under the Chairmanship of Sir John Simon to enquire into the working of the Reforms. The Commission did not contain a single Indian member. This was regarded as an affront to the country and moderates and extremists combined in boycotting it.)

Nehru Report

(Meanwhile, an All-Parties Conference in India, in answer to an insolent challenge by Lord Birkenhead, the then Secretary of State

munity to which individuals belong. Communal representation has thus led to communal parties. The Europeans and the Anglo-Indians, for instance, have their parties, just as the Muhammadans have their own.

With the exception of the European group which always sides with the government, these small, fluid groups originate in the councils and not within the constituencies, and are as ill-organised as they are ill-disciplined.

Signs of an urban-rural cleavage as also of a cleavage between landlords and tenants are noticeable in new party formations.

for India, had appointed a committee under the Chairmanship of Pundit Motilal Nehru to produce an agreed constitution for India. The report issued by the Committee is known as the Nehru Report. It demanded immediate Dominion Status for India and pleaded for joint electorates with reservation of seats. The Report was rejected by the left wing of the Congress who pressed for complete independence.)

The Congress Demand of 1928: Lord Irwin's Declaration of 31st October, 1929.

(In the Congress at Calcutta in 1928, the extremists were pacified by Mahatma Gandhi's announcement that if India was not given Dominion Status within 1929, he would himself lead the campaign for Independence.)

(On the 31st October, 1929, even before the publication of the Simon Report, Lord Irwin made an important pronouncement to placate and soothe Indian feelings.* He announced that the goal of India was Dominion Status and invited the representatives of India to a Round Table Conference in London to take part in the making of the new constitution for India. This course was taken to remove the sense of insult and inferiority felt by the Indians.)

(Meanwhile, the Congress had become more extremist. Even Moderates had turned extremist. Neither would

** Lord Irwin's Declaration of 31st October, 1929.*

"It is the desire of the British Government that India should, in the fullness of time, take her place in the Empire in equal partnership with the Dominions. But in view of the doubts which have been expressed both in Great Britain and in India regarding the interpretation to be placed on the intentions of the British Government in enacting the statute of 1919, I am authorised on behalf of His Majesty's Government to state clearly that, in their judgment, it is implicit in the Declaration of 1917 that the natural issue of India's constitutional progress, as there contemplated, is the attainment of Dominion Status."

be satisfied with a mere statement of the goal. None would wait for '*the progressive realisation*'—everybody stood for the *immediate* realisation of Dominion Status* in India.)

The Civil Disobedience Movement

The Independence resolution was adopted by the Lahore Congress and Congress under the leadership of Mahatma Gandhi embarked upon the civil disobedience movement.

On the 12th March, 1930, Mahatma Gandhi set out on his famous march from Ahmedabad to the sea-coast (Dandi) where he broke the salt laws.)

(Within a short time the movement was in full swing. There were numerous arrests and before the close of the year, 50,000 persons were in jail for having joined the movement.

Lord Irwin's government was assailed on all sides.

*** Dominion Status**

Dominion Status is the status enjoyed by the great self-governing Dominions of Canada, Australia, South Africa, New Zealand and the Irish Free State. In relation to Great Britain *"they are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."*

They are, thus, the equals of Great Britain and not her inferiors. Their association with Great Britain is free and voluntary.

The Dominions govern themselves (enact and enforce laws, administer justice, maintain armies and navies, conduct foreign relations) virtually free from the control of Great Britain. The King is the only bond. This bond is entirely personal. The King when he acts in relation to any of the Dominions acts on the advice of the ministers of the Dominion concerned and not on the advice of his British ministers.

In England they condemned it because it was weak, in India it was condemned because it was repressive.)

The Simon Report*

In June, 1930, the Simon Commission published its report in two volumes. The Report was almost universally condemned in India—because its recommendations fell far short of Indian demands.

Events in India and in England moved rapidly.

The Round Table Conference

The Round Table Conference† which met in London on the 12th November, 1930 was the culminating point of a world-wide interest in Indian political struggle.

* Of the recommendations of the Simon Commission the following are the most important :—

(1) The Indian constitution to be reconstructed on an ultimate federal basis. (2) Burma to be separated from India. (3) The rigid division into reserved and transferred subjects to disappear. The provincial cabinet consisting of *ministers only* to be unitary. Joint ministerial responsibility is recommended. (4) The Governor to possess large overriding powers. (5) The size and term of the Provincial Legislative Councils to be increased. (6) Separate Mahomedan representation to continue and reserved seats for the Depressed Classes to be kept. (7) The present Legislative Assembly to be substituted by a Federal Assembly which will be composed of members to be selected by Provincial Councils and not to be directly elected by the people. The life of the Federal Assembly to be 7 years. (8) The Council of State to continue. (9) The Governor-General in Council to continue to be the central executive who will be responsible to Parliament and not to the Indian Legislature. The Governor-General to appoint members of his Council. (10) The defence of India to be treated as a matter of Imperial concern which should fall within the responsibilities of the Governor-General advised by the Commander-in-Chief as representing the Imperial authorities. (11) The superior services to enjoy their existing rights. (12) High Courts to be centralised.

† The Round Table Conference was inaugurated by the King Emperor in person in the Royal Gallery of the House of Lords on the 12th November, 1930 amidst royal splendour. There were 86 delegates in all: 16 from the Indian States, 57 representing British India and 13 from the British political parties.

《The features of the first Round Table Conference are (1) the absence of Congress representatives, (2) the unanimous demand of Indian delegates, of the princes and of the people of India, for Dominion Status, (3) the plan of an All-India Federation sponsored by the Princes and accepted by the Conference and (4) the Prime Minister's declaration at the end of the Conference that the intentions of the British Government were to place the responsibility of the government of India, central as well as provincial, ultimately on the Indian legislatures subject to such reservations and safeguards* as might be necessary until responsibility is completely transferred. The Conference plan, in a sentence, is *'Responsibility with Safeguards for a Federated All-India.'*》

At the conclusion of the Conference, the delegates returned home to secure support for the Conference proposals.

But in India the Congress was in a state of war with the Government. To secure a fair and dispassionate examination of the Conference proposals in India, a calmer atmosphere was necessary. The Conference delegates, specially the Rt. Hon. Mr. Srinivasa Sastri, Sir Tej Bahadur Sapru and Mr. M. R. Jayakar helped considerably in bringing about that atmosphere》

*** The safeguards in the future constitution of India**

The 'safeguards' discussed at the Round Table Conference include the special arrangements for British control of India's army and foreign affairs and British intervention if necessary for maintaining India's financial credit and internal security, the protection of minorities and of European trading rights. Several of the safeguards are for emergencies and are only to be used, if at all, during the transition period so long as responsibility is not completely transferred.

The Gandhi-Irwin truce

(Early in 1931 the Government lifted the ban on the Working Committee of the Congress and released the leaders unconditionally. The *pourparlers* between Mahatma Gandhi and Lord Irwin bore fruit in a truce between the Government and the Congress in March, 1931. The Civil Disobedience movement was suspended and Congress agreed to take part in the second Round Table Conference on Lord Irwin's assurances that the *safeguards* in the new constitution would be *in the interests of India*, and on the Government's conceding to Congress demands. For instance, in salt areas the people's right to manufacture salt was recognised, the right of picketing in a peaceful manner was recognised, non-violent prisoners were released, confiscated properties were restored and unrealised fines remitted.)

The Congress and the Second Round Table Conference

In April Lord Willingdon arrived in India as the Viceroy to relieve Lord Irwin who left the country amid many tributes to his statesmanship.

At first Mahatma Gandhi refused to sail for England alleging that the Government had broken the Gandhi-Irwin agreement but was induced later to sail on the 29th August, 1931. At the Round Table Conference Mahatma Gandhi asserted the claim of the Congress to speak for India and made a moving appeal for India's freedom. The Congress demands were unacceptable to the new Government which had taken the place of the Labour Government. The Conference thus broke up. It also failed to solve the com-

munal problem. Mahatma Gandhi, frankly dissatisfied and sorely disappointed, returned to India at the close of the year.

Within a few days of his return Mahatma Gandhi was imprisoned along with all prominent Congress leaders. The Civil Disobedience Movement was renewed.)

The Prime Minister's Communal Award and the Poona Pact

(In the middle of 1932 the Prime Minister announced his award (known as the Communal Award) for the representation of the various communities in India) which were seeking recognition of their rights in the new constitution.

(The Award was particularly vicious because it tended to perpetuate the division among the two principal communities, the Hindu and the Muslim. It has not only retained the separate communal electorates for Muhammadans in the teeth of Nationalist Muslim opposition but has also extended them to Indian Christians and to Indian women) although they have expressed their strong opposition to their dismemberment from the Indian body politic. (The Indian objections are not merely to the method of representation proposed but also to the manifestly unfair distribution of seats to the various communities. The Award is particularly unfair to the Hindus, specially in Bengal, where they have got only 80 out of 250 seats. The Award has, however, aroused the hostility of all sections in India with only one exception, the Europeans, who have got under the award more than they are entitled to.)

Perhaps (the worst feature of the award) is where the Award, as if to complete its work of division in Indian ranks, (seeks to estrange the depressed classes permanently from the caste Hindus by separating them for electoral purposes.)

The Revision of the Communal Award—the Poona Pact

As a protest against the government award which wanted to dismember Hindu society, Mahatma Gandhi grimly resolved to fast himself unto death. The fast ended with the revision of the Communal Award by the Prime Minister who accepted a pact arrived at in Poona between caste Hindu and depressed class leaders whereby separate electorates were abolished but the depressed classes got larger representation.)

(Revision of the Communal Award is also demanded in the Punjab where the three communities, the Muslim, Sikh and Hindu, are understood to have arrived at a pact known as the Punjab pact.)

In Bengal, the caste Hindus are insistent on a revision of the Poona Pact and of the Communal Award. The Poona Pact gave the depressed classes 30 seats in Bengal a representation greatly in excess of their population. (Though politically, culturally and socially the Hindus are the most advanced community in Bengal, under the award they have been reduced to the position of a permanent and impotent minority in their own province. This cannot but have very unfavourable reactions on the working of the new constitution, drawing them perhaps to a position of intractable hostility. Though forming 45% of the population of Bengal the Hindus have got only 32% of the seats.)

(Towards the end of 1932 the Third Round Table Conference was held in London without the Congress participating in it.

The Conference has been followed in March, 1933 by the issue of a White Paper embodying the proposals of the British Government before Parliament on the subject of Indian constitutional reforms. The Government declare

that in formulating these proposals they had in mind not only Indian interests but also British interests and that they have been guided by the work of the various Conferences and Committees.)

The Joint Select Committee and After

These proposals were referred to a Joint Select Committee consisting of members of both houses of Parliament for examination and report. With this Committee were associated certain Indians as delegates with power to examine witnesses but with no power to vote.)

The Joint Select Committee has concluded its deliberations and will shortly submit its report.

As matters stand now there are yet two stages ahead of us in the revision of the Indian constitution :

(1) the drafting of a bill by the British Government on the basis of this report—the bill to be placed before the British Parliament and

(2) the legislative approval of Parliament and the Royal assent.

APPENDIX

THE WHITE PAPER PROPOSALS

Sovereignty of India

The sovereignty of India will as at present reside in the King in Parliament.

The Secretary of State for India

The Secretary of State will continue to be the chief adviser of the Crown in matters relating to India. It is important to note, however, that the Council of India will be abolished. The Secretary of State will be empowered to set up in its place an *advisory council* consisting of not less than three and not more than six members.

Authorities in India

Under the new constitution India will have a *federal government in place of the unitary government* that exists to-day. It will be an *All-India Federation* embracing the British Indian provinces and the Indian states (*i.e.*, such of them as will consent to enter the Federation). There would further be a *clear-cut division of subjects of administration* as between the Federal Government and the Provincial Governments. There will be a *triple enumeration of powers*. In regard to certain subjects (chiefly of all-India importance) the Federal Government will enjoy *exclusive authority*. On the other hand, the Provincial Governments also will have supreme and final control over certain matters (chiefly of local importance). Lastly, in regard to a third set of matters, the Provincial and the Central government will have *concurrent powers*.

We may now proceed to outline the broad features of the Federal Government that will be set up in India.

The Federal Government

The Federal Executive

At the head of the federal executive will be the Governor-General (who would also be called the Viceroy, and as Viceroy he will have to settle matters relating to the states which will not join the Federation and also such matters which will not be transferred to the Federation).

(The Federal Executive will be composed of two parts—one, the Governor-General with his Counsellors numbering not more than three, and having exclusive charge of the 'Reserved Departments', the other part will be the Governor-General advised and guided by Ministers chosen from the dominant party in the Legislature and responsible to it for the administration of subjects transferred to it. A dyarchy will be set up. In the former case, the Governor-General alone will have sole responsibility and he will be answerable to Parliament for his administration. In the latter case, the Governor-General will be mainly guided by the advice of his Ministers, if it does not clash with any of his special responsibilities. The Ministers themselves will be liable to dismissal as soon as they lose the confidence of the majority in the Legislature.) Responsibility will thus be enforced in regard to those matters only which come under the administration of the Governor-General acting with the Ministers.

The Federal Legislature

(The Federal Legislature will be bi-cameral consisting of an upper chamber called the *Council of State* and a lower chamber called the *House of Assembly*. The two chambers will have identical powers of legislation. Money bills and votes of supply will, however, be initiated in the lower chamber.)

(The Council of State will consist of 260 members, of whom 100 will represent the Princes, 150 the British Indian princes and 10 will be nominated by the Viceroy. The House of Assembly will have a membership of 375 persons, 125 being the nominees of the Princes and 250 to be elected representatives of British India.)

The Federal Judiciary

(A Federal Court will be established. Its chief function will be the interpretation of the constitution in cases of dispute. It will have both an original and an appellate jurisdiction. With

regard to any matter involving the interpretation of constitution, an appeal will always lie from the Federal Court to the Judicial Committee of the Privy Council.)

The Provincial Administration

(According to the provisions of the White Paper, the Provinces will under the new constitution enjoy full autonomy. The present distinction between Transferred and Reserved subjects (which is the essence of the system of dyarchy) will be completely done away with, the entire administration will be handed over to popular control.)

The Provinces

(There will be 11 provinces. Burma will be separated from India. Two new provinces will be created—Orissa and Sind. The provinces will be governed each by a Governor advised by a Council of Ministers responsible to the Legislature. The broad framework of the Provincial government will be as follows :—

The Provincial Executive

The Governor will be the executive head. He will be assisted by a body of ministers chosen from the legislature and responsible to it for their policy and actions. Ministerial responsibility will thus be ensured.

The Governor, like the Governor-General, will have certain special powers. He will not only have the 'special responsibilities' of the Governor-General, but also the power to promulgate ordinances and the complete control of administration in areas declared completely or partially 'excluded', by His Majesty's Order-in-Council. The powers of the Governor will thus be greatly increased.)

The Provincial Legislature

(Provincial legislatures will be unicameral except in the provinces of Bengal, Bihar and the U. P. Members of the legislatures will all be elected and no officials will be eligible for election. The Upper Chamber, where it will be set up, will be called the *Provincial Council* and the Lower Chamber, the *Legislative Assembly*.)

Safeguards in the Constitution

(The White Paper provides for certain *safeguards, intended for a period of transition, which will, it is pointed out, prevent the progress of India from being too precipitate.*) The period of transition has not been stated in terms of a definite number of years.

(The *reservations* will primarily comprise the subjects of *Defence, External affairs* and *Ecclesiastical affairs*, to be administered by the Governor-General on his own responsibility.)

In addition to these reserved subjects (the Governor-General will have special responsibilities in regard to the following matters :—(1) *law and order*, (2) *financial stability and credit*, (3) *protection of minorities*, (4) *the services*, (5) *Indian states*, (6) *prevention of commercial discrimination*, (7) *administration of reserved subjects.*)

Finance

(As the administration would be demarcated as Federal and Provincial so also finances would be separated. In the proposed allocation of revenues, Bengal is to get in addition to what she has to-day a portion of the proceeds from the Income-tax as also at least half of the export duty on jute in Bengal amounting to roughly an additional 3 crores a year.)

The Services

(The Secretary of State is to remain responsible for recruitment to the Indian Civil Service, Indian Police and the Indian Ecclesiastical Department. After 5 years' working of the new constitution there will be an enquiry into future recruitment.)

Railways

(The Federal Legislature is to have general control over the Railway policy but the Railway administration is proposed to be placed in charge of a Statutory Railway Board beyond the control of the Legislature.)

Fundamental Rights

The British Government have serious objections to the declaration of the Fundamental Rights of the People. But (certain provisions regarding freedom of person, property, rights, equal eligibility to public offices may be accorded a place in the Act.)

A criticism of the White Paper Proposals

Indians are wholly disappointed with the White Paper Proposals which have not received the blessings of a single representative Indian.)

There is no mention of Dominion Status which Lord Irwin declared to be India's natural and legitimate goal.

The Round Table plan is there: (1) *Federation*, (2) *Responsibility* and (3) *Safeguards*.

It is no doubt a great ideal to bring together British India and Indian India but we wonder how fusion or federation could be possible between two partners so unequal and so dissimilar—the modern and democratic British Indian provinces and the mediæval and autocratic Indian states. (British Indian statesmen wanted a genuine federation of equal and like partners, but on them has been thrust a poor and make-believe substitute for it. We wanted bread but have got stone instead. It is apprehended that the reactionary Indian States would act as a brake on all progress in India. The proposed Federal Legislature, by the very nature of its composition, would hardly reflect public opinion in India or be responsible to it. *The type of federation recommended is not likely to advance the Indian democratic movement.*)

(Special powers vested in the Governor-General and the Provincial Governors cut right through the constitution and make the transference of political power a mockery and a sham.) Mr. Churchill spoke the coldest logic and the bluntest truth when he said that *if responsibility is real, the safeguards are a mockery and if safeguards are real, then responsibility is a sham.*

(There is very little of responsible government at the centre with foreign affairs and defence reserved for the major part, and finance also in the control of an irresponsible Governor-General.)

(Also in the provinces the responsibility introduced has been very largely qualified by safeguards.

The safeguards were understood to be for a temporary period by the Indian leaders and that to qualify responsibility, not to nullify it.

It is not merely that the White Paper does not advance India to her goal but in some respects it leads her back—no step forward but a few steps backward.)

Over and above the formidable veto power, *(the Governor-General and the Governors will have new powers of law-making,*

for which there is no parallel in the modern world. (These laws are to be known as the Governor-General's Act or the Governor's Act as the case may be.)

And as if these extensive powers of legislation are not enough *the Governors have been invested with the power of promulgating ordinances*—a power which the Governor-General alone possesses now.

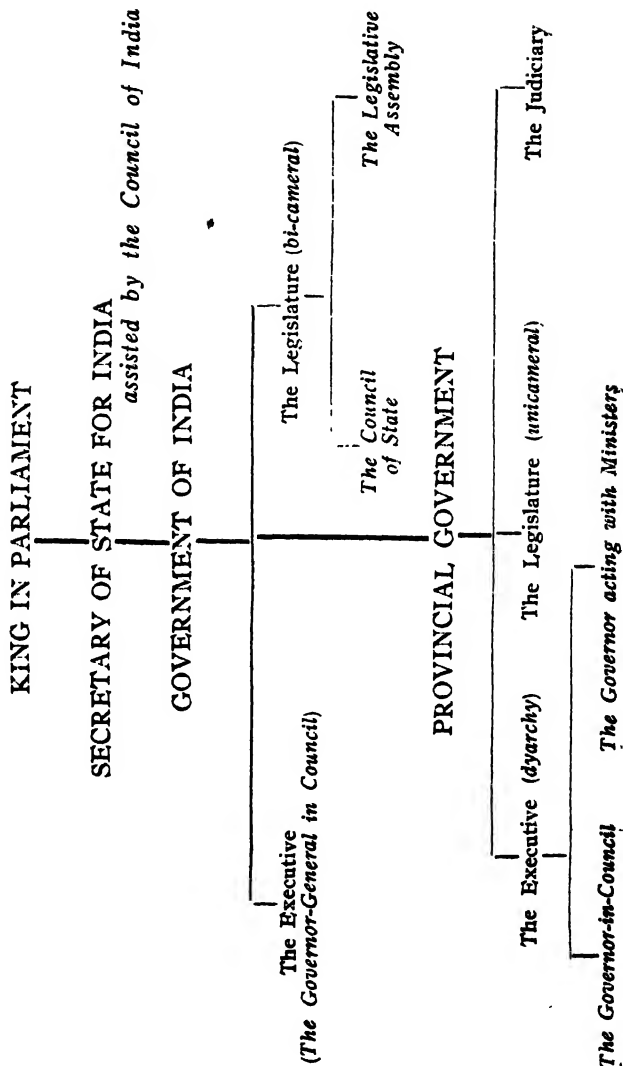
The Ordinances under the Act of 1919 could be promulgated only in certain specified circumstances when it was required for *the peace and tranquillity of India*. (The new proposals authorise easier promulgation of ordinances—ordinances may be promulgated by the Governor-General or by the Governors whenever they consider them necessary for the discharge of their special responsibilities under the Act.)

(The Governors in the Provinces will further be empowered to assume sole control of areas in their provinces 'declared' *disaffected* where on assumption of such control the ordinary laws would be automatically suspended. The areas would be 'outlawed' and would be administered by the Governor uncontrolled by anybody in India.) The Governors do not enjoy such powers even in these disturbed times now. They have an executive council to convince and to satisfy. The executive council advises and assists them now and perhaps controls them if necessary.

(Further, for Bengal, the U. P. and Behar there is the distinctly retrograde proposal for the setting up of a bi-cameral legislature—it may be that the conservative upper chamber would seek to thwart all progress not to its liking.

(Very strong objection is also to be taken to the proposed system of election, separate electorates,) by which representatives of the people would be returned to the legislatures, because it cuts at the very roots of the Indian body politic as of Indian nationalism.

A CHART SHOWING THE MACHINERY OF INDIAN ADMINISTRATION



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BOOK I
ECONOMICS

CHAPTER I

INTRODUCTION

Definition*

Economics is a social science which studies the every day life of man : man in his wealth-getting and wealth-spending activities.

The subject-matter of Economics

The economist seeks to explain what is daily going round about us in human society. Everyday we see men and women going out to work 'for a living' as we find boys and girls are being trained 'for a living.' Every one of us in our daily life is making these efforts because every one has got a certain number of *wants*, which for their *satisfaction* call for *efforts*. Economics is thus a

***Some Definitions**

Marshall.

Economics is 'the study of mankind in the ordinary business of life'.

Gide

Economics is a study of wealth and a part of the study of man.

"Of all the relations which exist between human beings living in society, Political Economy deals with those alone which tend to the satisfaction of their *material* wants, with all that concerns their *well-being*."

Fisher

"Economics may be most simply defined as the *Science of Wealth* It is worth emphasising, at the outset, that the *chief purpose* of economics is to set forth the *relations of wealth to human life and welfare*."

ELEMENTS OF ECONOMICS

study of the *wants* of men and men's *efforts* for the *satisfaction* of their wants. '*Wants, efforts and satisfaction*' complete the round of the economic life of man.

In modern society, however, efforts hardly bring any direct satisfaction. When the cobbler mends your shoes, instead of giving food and clothing to him you give him a certain sum of money. This money income enables the cobbler to supply his own needs. Hence, economics has to deal with *income* which has appeared, in modern economic life, as the link between efforts and satisfaction.

As Prof. Marshall has summed it up :

"Political Economy or Economics is a study of man's actions in the ordinary business of life : it enquires how he gets his income and how he uses it."

Economics a social science

Economics is a social science. It is concerned with man as a unit in society, as a member of a social organisation and not with man living in isolation, cut off from the society of other men.

The activities of a Robinson Crusoe, working all alone in his island, are out of our scope.* *There is no place for a Crusoe in Economics* because his activities are centred round himself and constitute an exception to the general rule of social life.

Economics no doubt studies the actions of individuals, but it studies them in relation to social life.

* The economist has also excluded from his scope certain services (e.g., the services of the house-wife) rendered without payment, and out of love, affection or a sense of duty.

Economics not the gospel of Mammon

Economics is not the gospel of Mammon, 'the dismal science',† as it was supposed to be in the times of Carlyle and Ruskin. Those who assert that Economics is the science of wealth look at the subject from a wrong point of view. As Penson says, "WHAT WE ARE REALLY STUDYING IS NOT WEALTH BUT MAN. Wealth plays a very prominent part, but is throughout subordinate to man and his activities. In short, Economics deals *primarily* with MAN as WANTING, WORKING, GETTING, SPENDING, and *secondarily* with the WEALTH which can satisfy his wants, which he helps to produce, and of which he gets a share."

Prof. Marshall also emphasises the importance of man in our study when, speaking of Economics, he says, "*It is on the one side a study of wealth and on the other, and more important side, a part of the study of man.*"

Earlier economists neglected the more important side of Economics, viz., the study of man and his welfare in relation to wealth. Wealth is important but it is so because it secures the welfare of man. *Wealth is the means, the welfare of man is the end.*

The importance of the economist's work to-day is indicated by the urgent social problems of the day, e.g., poverty. For the solution of this problem the economist

† The misery and squalor that surround us, the injurious luxury of some wealthy families, the terrible uncertainty overshadowing many families of the poor—these are evils too plain to be ignored. *By the knowledge that our science seeks it is possible that they may be restrained.* Out of the darkness light! To search for this light is the task, to find it perhaps the prize, which the '*dismal science of Political Economy*' offers to those who face its discipline.

—Pigou in his Preface to the Economics of Welfare.

has to think out ways and means. The means may be greater production of wealth or better distribution of wealth. But for all that, the means are studied and thought of only to secure the end—the welfare of man.

Truly, as Roscher has said, “the starting-point and goal of our science is man.”

Methods

It was formerly a much discussed question whether economics was a *deductive* or *inductive* science and which was the better method, the deductive or the inductive.

In the deductive process we start from the principle and reach the facts; in the inductive we start from facts and reach the principle.

Modern economists are agreed that both methods are correct and both are equally necessary. In the solution of some problems the deductive method may be more fruitful and in that of others the inductive. Each method has its advantages and limitations. *The deductive method is also known as the abstract or analytical to contrast it with the concrete, historical or comparative methods of the inductive school.*

The Laws of Economics*

Economics is a science because it consists of ‘*facts connected by certain necessary relations called laws.*’

In the case of economics, these laws seek to lay down that *generally* men would behave in a particular way under a given set of conditions. These generalisations or laws are, however, invariably true and accurate in the case of the simpler sciences, e.g., Physics and Chemistry which deal with the simple forces and phenomena of nature such as water, air, electricity.

Economic laws cannot be so exact because they refer to the conduct and behaviour of *men* who though possessing similar

* Economic laws have been defined by Marshall as “Social laws relating to branches of conduct in which the strength of the motives chiefly concerned can be measured by a *money price.*”

general characteristics and motives have striking dissimilarities because of the complex forces governing them. No two men are quite alike—it is, therefore, difficult to speak *precisely* as to how each would behave under the same conditions—although it may not be difficult to speak less precisely but in a general way about their possible conduct.

‘The laws of economics are to be compared with the laws of the tides, rather than with the simple and exact laws of gravitation.’—Marshall.

The Scope of Economics

From what has been said already the reader must have formed an idea of the scope of Economics.

Economics is both a science and an art.

The science of Economics must fit into the facts of our everyday life or it becomes a dim abstraction, a mere intellectual gymnastic. The laws of Economics must explain the facts of our economic life, as the facts themselves illustrate the laws.

Economics is also an art. Almost everyone of us, except the reckless, the vagabond and the spendthrift, practises in his everyday life the art of economics although comparatively few know the science. The art consists in wise earning and wise spending. Economic science deals with principles but economic art deals with precepts. If, however, you run counter to the principle, you cannot succeed in the art.

In our studies of Economics we shall confine ourselves not merely to knowing *the present*, our economic life as it is, but we shall also enquire into *its past*, how economic life came to be what it is and into *its future*, how this economic life can be made better for us all.

Economic science, while it deals primarily with the present, cannot turn away from the past or from the future.

Value of economic studies

The study of Economics is not a barren one. It is not a mere instrument of mental culture nor purely an intellectual gymnastic.

It serves, no doubt, to expand the mind and enlarge the interests of the readers. But what is more important is that it is of great practical help in meeting the needs of our every day life.

The close connection of grave social problems with Economics will not escape the notice of the inquiring and sympathetic student. He may naturally ask with Marshall—'Is it necessary that while there is so much wealth there should be so much want?'

^{*}

The student may in after life become a manufacturer, a banker, a merchant, a public man or just an ordinary person getting his income and spending it. But, in any case, the knowledge of the principles of Economics, which he acquires now will stand him in good stead ever after.

Summary.

Economics is the study of man in his wealth-getting and wealth-spending activities.

Human wants lead to efforts, these efforts lead to the satisfaction of human wants. The economic life of man is summed up in "wants, efforts and satisfactions." Economics is a social

* "We are set together in the world for a little time. Of what lies behind and beyond we may frame guesses, we may, if we can, cherish hopes, but we know nothing. One thing, however, is certain for us: the lives here—the brief lives—of multitudes of our fellowmen are shadowed with sorrow and strained with want. It is open to us, if we will, to stand aside, or to hinder or to help. If we would help, there are many ways. One way is the way of thought and study and the building up of knowledge. . . . It is the way for some, but not for all. . . . *Whatever way you choose, choose it with your whole heart.* Follow the star that leads you: follow without turning, whatever the toil, whatever the pain. *Do not hoard your life: spend it; spend it on an aim outside yourselves, the worth of which you feel.* It may be that that way you will save your life, it may be you will lose it. But, save it or lose it, you will have saved or lost it well." (*Memorials of Alfred Marshall, Edited by A. C. Pigou.*)

science and is not the gospel of Mammon, as was commonly supposed in former times.

What we are really studying is not wealth but man. Wealth is the means but the welfare of man is the end.

Economics is *both a science and an art*. As a *science*, it deals with principles; as an *art* it deals with precepts.

Economic science has its laws. These are *essentially hypothetical* and *not simple and exact* like those of Physics or Chemistry.

The study of Economics has great value and importance for us all.

Questions.

1. Define Economics. What does it deal with?
2. "Economics is the science of wealth." Do you agree with this definition? Give your reasons in full. (C. U. 1929).
3. 'Economics is the study of man in the ordinary business of life.' Explain.
Define the term 'Economic Laws.' (C. U. 1933).
4. What is your idea of the scope of Economics?
Discuss the value and limitations of the chief methods of its study. (C. U. 1932).

CHAPTER II

THE DEVELOPMENT OF ECONOMIC LIFE

We know what the economic life* of man is ; now let us notice how that economic life has developed from early simplicity to modern complexity.

A. (SIMPLE ECONOMIC LIFE—characterised by individual efforts.)

I. THE FIRST STAGE—when the effort is made to procure immediate and direct satisfaction of wants.—THE DIRECT STAGE.)

II. (THE SECOND STAGE—when the effort is made to procure indirectly the satisfaction of wants.—THE INDIRECT STAGE.)

B. COMPLEX ECONOMIC LIFE—characterised by collective efforts.

III. (THE THIRD STAGE—when the efforts are collective, no longer individual—and the satisfaction indirect—(joint production, exchange and distribution of the joint product),

IV. THE FOURTH STAGE—when money is introduced.)

* In all subsequent discussions of our economic life, the conditions of private property, competition and economic freedom have been assumed.

A. **SIMPLE ECONOMIC LIFE**—*the stages of individual effort.*

Stage 1. The Stage of Direct Effort

(The wants of men in a savage society, limited as these are to the procuring of food and shelter, are satisfied by each man working for himself. The effort is individual.

As he feels hungry, he goes out into the woods with his bow and arrow to kill some game to satisfy his hunger. So for his shelter, he must build his own hut. The effort is directed to the immediate satisfaction of his wants. *The stage is marked by direct and individual effort.*)

Stage 2. The Stage of Indirect Effort

(Soon the savages come to find that it is inconvenient for every one to be one's own food-supplier, house-builder and garment-maker.

So,

the hunter sticks to hunting game in the wilds and he does it better ;

the builder only builds houses in the savage colony and he builds them better and quicker ;

the armourer specialises in making arms and weapons so necessary in the savage state. And he does them better than any body else.

Thus there is a simple division of labour.

Now,

the huntsman comes back to the savage colony with a quantity of meat secured through his efforts. He wants to replenish his stock of spears, lances, bow and arrows before he goes out hunting again.)

He can have, for instance, spears and arrows from the armourer in exchange for the meat he has brought. *(This exchange of goods for goods is known as barter.)*

(The hunter gets the weapons and the armourer gets his food though their efforts could not directly satisfy their respective wants. The effort, in this case, is individual but indirect.)

(The stage of indirect and individual effort is marked by the introduction of a simple division of labour and a simple form of exchange, namely, barter.)

B. COMPLEX ECONOMIC LIFE—*the stages of collective effort.*

From the individual efforts of men to get a living we come now to their collective efforts to secure the necessities and comforts of life. In doing so, we are entering on the complex economic life of to-day as distinguished from the simple economic life of old.

Stage 3. The Stage of Collective Effort

In the second stage, we have noticed a simple division of labour. *(The house-builder, in that stage, has to make the whole of the house himself, from digging its foundations to roofing it.)*

(In the third stage, the difficulties and inconveniences of building a house by purely individual effort become apparent and the division of labour is carried further. The task is made easy and convenient by the association and co-operation of the efforts of several men working in a group.) These workers form the house-builders' group. Some supply earth, some timber and some provide the thatching and some the labour required for building the

house. (The builders themselves are not in need of the house but they have other wants. So they have joined their efforts in association and co-operation for procuring indirectly the satisfaction they desire.)

(The effort is collective and has resulted in the building of the house which is meant to be exchanged for food, clothing and other things desired by the builders.)

But whose is (the house?) It is the result of the joint efforts of the builders' group and must, therefore, be regarded as joint property.)

But what share of this property (or of the food, clothing etc., it will procure) will go to each member of the group?

Perhaps you think it is only fair that since all have contributed, it should be distributed equally. But did they contribute *equally*? (Some might have done a work that was *unpleasant*, some that was *dangerous*, some perhaps *worked longer hours* and some again did work requiring *greater skill*.)

Thus is the question of distribution brought in.) It is a most thorny question of immense practical interest to us.

Stage 4. The Introduction of Money

But distribution, difficult as it is, becomes more difficult in the stage of barter. Because, in the case of builders, referred to above, some might prefer food, some clothing, some ornament and so on. So there would be no end of troubles.

(The use of money removes many of the difficulties of the stage of barter as it simplifies some of the difficulties of distribution.)

(All earnings in the fourth stage, that is, in the present stage, are expressed in terms of money. Barter is dispensed with for a system of sale and purchase. Generally speaking, every man to-day is a joint producer. The joint product is sold for a sum of money available for distribution amongst those who produced it. Each man receives a share of this joint money-income and purchases with it what he needs, the latter being the product of the labour of other groups of workers.)

(Thus the satisfaction of wants in the present stage is *more indirect than ever*. This indirectness becomes more manifest in the *increasing division of labour* and the *use of machinery* which are the characteristics of the *modern age*.)

The Development of Economic Life

The development of economic life has also been traced in various other ways :

- (1) barter economy, money economy and credit economy ;
- (2) the several stages in economic life—the hunting, the pastoral, the agricultural, the commercial and the industrial stages ;
- (3) the geologist's and archæologist's division of our life into the stone, the bronze, the iron and the steel age ;
- (4) the economy of the isolated individual, the local or village economy and the national economy ;
- (5) lastly, our economic history has also been divided into the three great stages, the self-sufficing economy, the trade or commercial economy and the capitalist or industrial economy.

Summary.

It is interesting to note the development of economic life from early simplicity to modern complexity.

The Simple Economic Life, characterised by *individual effort*, has two stages (a) the direct stage and (b) the indirect stage.

The Complex Economic Life, characterised by *collective effort*, has likewise two stages marked by (a) the beginning of group effort and (b) the use of money.

The development of economic life has also been traced in other ways, e.g., (1) self-sufficing economy, (2) trade or commercial economy and (3) capitalist or industrial economy.

Questions.

1. Trace the growth of the economic society from the earliest times.
2. Show how from early simplicity we have worked forward to the complexity of modern economic life.

CHAPTER III

PRODUCTION

We have seen that wants, efforts, and satisfaction constitute the economic life of man. We have also seen how economic life has evolved from early simplicity to modern complexity. Since wants cannot be satisfied without efforts, let us now proceed to study the economic efforts of men.

(The application of effort to the satisfaction of wants is known in Economics as PRODUCTION.)

What is produced?

(What man produces is not new matter because matter cannot be created by man. Man only produces *utility*.)

The carpenter who made the chair did not create the matter, *i.e.*, the wood ; the wood was there in the forest. The carpenter made a new use of the wood by making a chair out of it. He created, what we call, a new *utility*,*

*** Different kinds of utility**

Some writers have distinguished between (1) *elemental*, (2) *form*, (3) *place* and (4) *time utilities*.

Coal has *elemental* utility even when undisturbed in a coal seam. It is given *form utility* when hewn and broken into pieces of convenient size. It has a maximum of *place utility* in the coal-scuttle by the fire-side and its highest *time utility* in the winter. Chapman—'Outlines of Political Economy'.

that is, *a new power to satisfy a human want*.) This production on the part of the carpenter has been expressed by Penson in the form of an equation.

$$\begin{array}{rcl} \text{Utility of chair} & & \\ \text{minus} & = & \text{the additional utility created} \\ \text{Utility of wood.} & & \text{or produced by the carpenter.} \end{array}$$

Wealth

(Wealth is a synonym for well-being. Wealth has, therefore, a very broad connotation)

Wealth* in Economics

(In Economics wealth has a broad as also a narrow meaning.

Chapman

(In its broad sense wealth stands for anything which satisfies human wants, directly or indirectly. Thus broadly conceived, wealth is also known as goods.)

* Some definitions of wealth

Seligman

Wealth is any exchangeable commodity.

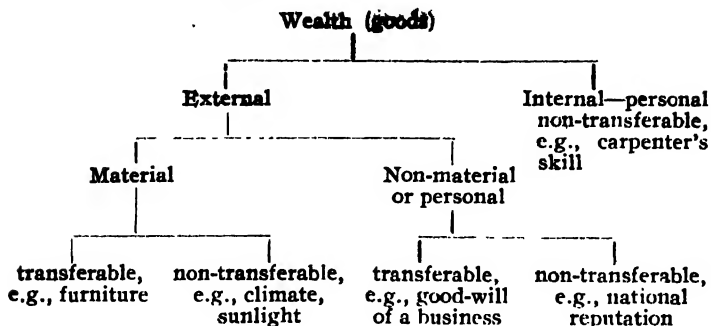
Gide

All that mankind believes to be useful and can utilise is wealth.

Fisher

The ordinary meaning of wealth includes only *material objects owned by human beings and external to the owner.*

Wealth or goods may be classified after Chapman in the following manner :



Penson

(In a narrow sense, as understood by Penson, wealth has been taken to mean goods which are produced by human labour.

According to Penson, wealth is that

- (i) *which has the power to satisfy a human want and*
- (ii) *which is the result of human effort.*

Thus narrowly viewed, in order that anything may be regarded as wealth in Economics, it must have utility and it must also be the outcome of human exertion. Things which are obtained without any effort on anybody's part are "free goods"* and as such are not wealth from this point of view.)

(For example, air and water have great utility ; but they cannot be regarded as wealth by the individual because they are free gifts of Nature and not the product of human effort. But air would be wealth to the diver

* There are economists who insist on *limitation in quantity* and *transferability* as essential attributes of wealth. That is to say, all goods which have an exchange value are wealth.

under the sea to whom air has to be pumped down ; similarly, water would be wealth to the man in the desert who would make efforts to bring it.)

(Likewise, things which have no utility are not wealth. A man might have spent much time and energy in producing a thing which does not possess any utility. As it does not possess any utility, it is useless, valueless, it is not wealth. A thing does not become wealth merely because it has required great effort.)

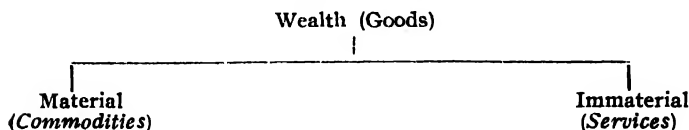
Now that we know the nature of wealth (that which satisfies our want and which cannot be obtained without effort) we may consider what it may include.

(Let us take, by way of illustration, some of the things a college student wants. He wants good meals, some clothing, also a few books. All these commodities (or material goods*) satisfy his wants and all these are procured for him by human efforts and must, therefore, be regarded as wealth.)

(Further, the student wants good teaching and wholesome recreation. These wants of his are satisfied by the services of professors and tutors and of various other people. The services are immaterial goods, something which have no form, something which cannot be touched. But since they satisfy human wants and since they are the outcome of human effort, they must also be regarded as wealth.)

* In Economics that which satisfies a want is called a 'good'. A classification of material goods under two heads, (1) *consumption goods* and (2) *production goods* may be useful to the students at the beginning. "If like every thing we eat or wear, material goods are used for the direct satisfaction of wants, they are called *consumption goods*, but if like machines, tools or raw materials, they are used in the production of other goods and so satisfy wants indirectly, they are called *production goods*."

It is clear, therefore, that (wealth (the things which satisfy our wants and for which we must make some effort) may be of two kinds—material and immaterial, and that it includes both services as well as commodities.)



Factors of Production

(That which contributes to the production of wealth is known as a *factor or agent of production*. Generally speaking, in every case at least three factors of production must be present. The requirements of productive effort are,

- (i) LAND, including all gifts of Nature, *e.g.*, soil, minerals, etc.
- (ii) LABOUR, including human activity—*physical and mental*,
- and (iii) CAPITAL, that is, artificial aids, *e.g.*, *tools, instruments, etc.*

For example, the fisherman produces wealth when he secures a catch of fish. But his production of wealth (or catch of fish) is dependent on—

- (i) *there being fish in the sea or in the river* (GIFTS OF NATURE),
- (ii) *his own skill and effort* (LABOUR) *in fishing* and
- (iii) *the use of fishing-nets, boats* (ARTIFICIAL AIDS OR CAPITAL)

As division of labour has been carried further and further and the economic structure of society has become vaster and more complex, men have emerged in distinct groups as land-owners, capitalists and labourers. Hence has arisen the need of ORGANISATION which will co-ordinate

the efforts of these groups for the purpose of production. This new factor in production, namely, *organisation*, is also associated with enterprise or risk-taking in view of the risky nature of modern business.)

The factors of production may, therefore, be enumerated as :

- (i) *Land* ;
- (ii) *Labour* ;
- (iii) *Capital* ; and
- (iv) *Organisation (associated with which is enterprise or risk-taking).*

Penson has classified these factors under two heads :—

A. Forms of human activity.

B. External aids.

A. Human activity

- (1) Labour
- (2) Organisation

B. External Aids

- (3) Enterprise
- (4) Gifts of Nature
- (5) Capital

The Factors of Production—another view

Socialist authors object to the use of the word Capital as a Factor of Production and suggest instead the names of Material Equipment and Non-material Equipment. The objection is mainly based on the ground that what actually takes part in production is not a bag of coins nor a bundle of notes (which commonly stand for capital), but the tools, machinery, buildings and other material equipment of a modern producer supported by non-material equipment embodied in our store of accumulated human knowledge as to how best things can be produced.)

According to them, therefore, the four factors of production are

Land and Natural Resources,

Labour,

Material Equipment, e.g., machinery, buildings,

Non-material Equipment, e.g., our knowledge of science, and the methods of production and business organisation

Thus, (first, there must be land and natural resources and the better their quality and the more abundant they are the greater will be the production.

(Secondly, labour is necessary. Better and more efficient production can come only from the labour of people strong and healthy in body and mind.) That country is the richest from the point of view of labour where the number of people too young or too old or too idle or too feeble to work is the smallest.

(Thirdly, material equipment is necessary and generally the more such artificial aid the greater is the output per head.)

(Fourthly, non-material equipment or knowledge is necessary. The more knowledge we have the greater will be the amount produced per head.)

Relative Importance of the Factors of Production

(All the factors, land, labour, capital and organisation, are equally indispensable to-day.

In primitive society when man was much too dependent on Nature, when he had not yet learnt to control Nature and her forces, *the Gifts of Nature* were, no doubt, the most important factor.

As Nature was gradually brought under control by man, *Labour* came to the forefront.

The introduction of machinery, the growing division of labour and large scale production increased the power of *Capital* which then came into prominence.

With the increase in the size of the business and of the market with attendant increase in the risks of production came the recognition of the great importance of the *entrepreneur* for his managing ability and judicious risk-taking.)

The agents of production are ultimately reducible into two—*Nature and Man*. Of *Nature and Man*, *Man is the active agent and is thus more important than Nature*.

As *Nature and Capital* play a purely passive part in production, Gide prefers to call them *factors of production*. *Labour* is not merely a factor, it is something more; because it is active, *it is an agent*.

Summary.

The application of human effort to the satisfaction of wants is *production*.

Man only produces *utility* (want-satisfying power).

Wealth has a broad and a narrow meaning. In its broadest sense, wealth means anything which satisfies human wants. Narrowly viewed, wealth is that which satisfies wants and requires efforts (or that which has *utility* and *scarcity*).

The production of wealth in modern times is dependent on the four *factors of production* (1) Land, (2) Labour, (3) Capital, and (4) Organisation and Enterprise.

All the factors are equally indispensable today.

The relative importance of these factors has varied from age to age. At first Nature was the all important factor but now man, by his gradual conquest of Nature, has become the more important factor.

Questions.

1. Define Wealth. What do you understand by the production of wealth?
2. Explain Production. What are the factors of production? (C. U. 1927).
3. What are the leading factors of production? (C. U. 1932).

CHAPTER IV

LAND

Land (Gifts of Nature)

{ 'Land' includes all gifts of Nature utilised for the satisfaction of human wants. The economist's use of the term 'Land' has a much wider meaning than its popular use. It stands for all natural agents. 'Land' in Economics includes not only land proper (soil) but also rivers, seas, mines, forests, etc. Land also includes such forces of Nature as are used in production—wind-power, water-power, etc.)

Land in Production

(a) The earth gives standing-room to men while they are engaged in production.

(b) Land has in it certain elements which nourish the growth of plant-life and are indispensable to agriculture. This property of land is known as fertility.

(c) In the bowels of the earth are hidden minerals of various kinds, coal, petroleum, gold, iron, etc.

Land is, therefore, indispensable to production.)

Land and society

{ All land that we know of is the free gift of Nature—not the creation of man. Why should man then be permitted to appropriate land for his private use and convert it into his private property?—ask some. The landlord of an urban site or of an agricultural land or of a mine or of a fishery has no more exclusive right to it than he has such a right to the enjoyment of fresh air or sunlight. These are the common heritage of all.

Land, they argue, should, therefore, be owned by the community as a whole.)

The argument has great strength and much attraction; but every student of economic science should approach the question after full study and with great caution.

The Law of Diminishing Returns

(The Law of Diminishing Returns as applied to land (agriculture, mining, fisheries, etc.) is:—"*An increase in the capital and labour applied in the cultivation of land causes, in general, a less than proportionate increase in the amount of produce raised.*" (Marshall).

(When a farmer desires an increase of produce, he applies more capital and labour to the cultivation of his plot of land.

Speaking generally, he gets an extra produce but the increase in produce is proportionately less than the increase in labour and capital. The extra produce has been raised at greater cost, that is, with the same cost less has been raised than before.) It means that land is yielding diminishing returns. And this happens because there is a limit to the fertility of land. Every farmer knows it and, therefore, after a certain point, he does not spend more on the land already in use; instead, he begins to break up fresh soil.

(The law of diminishing returns is based on general experience. Were it not for this tendency every farmer could save nearly the whole of his rent by giving up all but a small piece of his land and bestowing all his capital and labour on that.)

It should always be remembered that the law relates only to *the amount of produce raised* and not to its value.

An Illustration

A cultivator has a plot of 2 bighas for growing rice. He spends Rs. 20 on account of labour and capital for the cultivation of paddy on his land. He finds at the end of the harvesting season that he has been able to get 20 mds. of rice.

Next year, he spends an extra sum of Rs. 20 on labour and capital on his old plot. He gets an extra yield of only 10 mds.—a smaller yield to his new investment.

Not discouraged yet, he spends another sum of Rs. 20, on his land (this time the total investment is Rs. 60). The extra yield this third time is 5 mds.—smaller still. The illustration is expressed in a tabular form below.

The same plot of land is cultivated in succeeding years. The investment expressed in terms of money is laid out in the hire of cattle and plough, purchase of seeds, wages of labourers, etc.

An investment of Rs. worth (labour and capital).	would bring a total return of mds. of rice	or on the investment per rupee worth of labour and capital an average return of
I Rs. 20/-	20 mds.	1 md.
II. Rs. 40/- (20+20)	30 mds. (20+10)	30 seers.
III. Rs. 60/- (40+20)	35 mds. (30+5)	23½ seers.

The total yield increases, but further instalments of labour and capital, although equal to the first, have added less and less to the total production.

In the first year, the total yield is 20 mds. for Rs. 20/—the rate of return being 1 md. per rupee.

In the second year, the total yield is 30 mds. for Rs. 40/—the rate of return being 30 seers per rupee.

In the third year, the total yield is 35 mds. for Rs. 60/—the rate having fallen to 23½ seers.

The extra yield for the same amount of labour and capital fell from 20 mds. to 10 mds. in the second year and 5 mds. in the third year.

The yield or return is thus diminishing with every further instalment of labour and capital applied to land.

It is to be noted that in spite of diminishing returns extra investments would be worth while because of the rise in the price of rice.

Law of Diminishing Returns—its limitations

The qualifying words '*in general*' in Marshall's statement of the law imply that there are limitations to it.

These limitations are as follows :

(1) There might be increasing returns for a time before the point of diminishing returns is reached. A poor cultivator may not have cultivated his plot well in the past. In the hands of a better and more prosperous cultivator the same plot would be more thoroughly cultivated with a larger investment of capital and labour. For a time there would be increasing returns. But there is a very definite limit to the increase. When the limit is reached the law of diminishing returns will assert itself.)

(2) (Growth of capital in a country may, by multiplying the advantages of drainage, irrigation and communication, improve the returns from land, thus checking the operation of the law of diminishing returns.)

(3) (Improvements may take place in the existing arts of agriculture. These improvements in methods, in tools and implements, would bring better results.)

(But all these can only delay the operation of *the law* which *would ultimately operate in all countries*, old and new. In old countries, as in India, it is already in operation; *in new countries*, as in the U. S. A. the law has been held *temporarily in check*.)

The law in its application to mines and fisheries

For the sake of convenience, we have taken agriculture for our illustration. The law holds equally true of mines and fisheries. There is in their case also a limit after which successive doses of labour and capital would bring in lessening yields.

Productive efficiency of land

(*The productive efficiency of land depends on natural qualities, social environment and economic conditions.*

(a) *Natural qualities*—The productive powers of land largely depend on its *natural qualities*, e.g., fertility of soil, water-supply, climatic conditions, etc.)

(b) *Social environment*—The site is also important. Proximity of markets and centres of population and development of communications (roads, water-ways, and railways) will considerably add to the productive efficiency of land.

(c) *Economic conditions*—The economic conditions are connected with the application of labour and capital to the improvement of land. The natural condition of land can be modified by economic efforts. A piece of land which is infertile due to deficiency of water can be made fertile by irrigating it with water obtained from a tube-well or from a canal. In Sind and in the Punjab vast areas of land have thus been made productive.)

Water-Power

Of the Gifts of Nature (water-power is one of the most common and at the same time the most useful of nature's aids to production.

In all old countries it had been the practice, in India even now it is a common practice in the north, to harness the energy of the swiftly flowing rivers to drive simple water-mills which would grind corn or extract oil for the peasant folk.) Later this power came also to be used for driving the machinery in newly-started factories and mills.

In our age the value and importance of water-power have increased a millionfold by the knowledge and utilisation of its capacity to generate electricity at a very cheap cost.)

(India promises to be one of the leading countries of the world in regard to the development of hydro-electricity in which great progress has already been made.) We have an immense potential energy stored in the gushing waters of the Indian rivers.

(Since wood, coal and oil are dear and somewhat difficult to obtain in India except in a few favoured areas the people have in cheap electricity generated by water an aid to production which will perhaps revolutionise their life.) The hydro-electricity plants

in Bombay, Kashmir, the Punjab and in Madras have been lighting up villages and towns, heating homes, driving mills and factories and hauling trains carrying goods and passengers at a nominal cost.

Summary.

Land includes all gifts of nature, *e.g., soil, river, sea, mine, forest, water-power, etc.*

Land is the most important factor in production—without it nothing can be produced.

The *Law of Diminishing Returns* as applied to land is that, after a certain point, additional investments of labour and capital would bring gradually diminishing yields from land.

The productive efficiency of land depends on (a) natural qualities; (b) social environment and (c) economic conditions.

Besides land proper, water-power is a factor of production of great importance especially in India.

Questions.

1. What do you understand by "land?" Discuss the part played by *land* in production.
2. State and illustrate the Law of Diminishing Returns..

CHAPTER V

LABOUR

Labour

{Labour means the exercise of the powers of mind or body for the creation of utilities. The statement, 'Man has to labour for an existence', means that man has to make efforts, mental or physical, for the satisfaction of his wants. Labour may, therefore, imply *both brain-work and manual work*.)

Productive and unproductive labour

The old idea

A specimen of early economic thought on the subject is provided in the following passage:—

"In the same class of unproductive labourers must be ranked some of the gravest and the most important and some of the most frivolous professions—churchmen, lawyers, physicians, men of letters of all kinds, domestic servants, players, buffoons, musicians, opera singers, opera dancers." (Adam Smith).

{Our old economists led by Adam Smith held the labour of only those who assisted in the production of material things or commodities as productive and the labour of all others as unproductive. Labour which was embodied in some tangible or visible thing was productive, all other labour was unproductive. They ignored the services of the doctor, the lawyer, and the musician whose 'labour perished in the very instant of their production'.

The old idea in this respect has changed considerably.)

Productive Labour

The present distinction between productive and unproductive labour

(Since production means the production of utility, labour or human effort which results in the production of some utility is *productive labour*.

The utility may be in the production of some commodity, such as cloth and yarn in the case of the weaver and the spinner, or the utility may be in the rendering of some service,—the service of a doctor or of a musician.) To make their labour productive what is, therefore, required of men is that they must supply commodities or services which have utility.

(Labour which fails to produce any utility is *unproductive labour*, e.g., labour spent in digging a well which is abandoned when it is half-done.

Paupers, thieves, swindlers, ne'er-do-wells, who are parasites, who produce no utility, are excluded from the category of productive labourers ; since they contribute nothing, their labour is entirely unproductive.)

A sharp distinction is not possible

(The emphasis being shifted from the tangibleness of a thing to its utility, the distinction between productive and unproductive labour has appeared in a new aspect. (The sharp distinction between productive and unproductive labour has been replaced by a distinction between more or less productive labour. If utility is the test of productiveness, it will be found that all labour produced some kind of utility or other, though in certain cases the utility would be great and in other cases small.) (It is conceivable that in some cases the effort made produces no utility at all but that happens very seldom. More usual is the case of the production of utility not as great as the effort made.'

(Hence the distinction between more or less productive labour is more important for our practical purposes.)

(Thus, 'what is of real importance to us to-day is—not whether

the labour is productive or unproductive—but whether it is more or less productive, i.e. whether the effort expended results in the production of a large or small amount of wealth.)

§ Efficiency of labour

(No one produces all that he requires. Labour to-day is, therefore, not isolated ; but it is organised in a highly specialised form. *The efficiency of labour is not the same everywhere.* It differs in degree from country to country and from industry to industry. For example, the efficiency of labour in the Japanese Cotton Industry is greater than it is in the Bombay Cotton Industry.)

On what does this efficiency depend ? The efficiency of labour depends on

- (I) the efficiency of the labourers themselves, and
- (II) on the manner in which labour is organised and directed, in other words, on the efficiency of the employer. }

I. The efficiency* of the labourers largely depends on the following :—

(a) *A favourable climate.* Adverse climate, extreme heat or cold, is unfavourable to strenuous work.

(b) *Provision of the necessities of life and labour.* Good and sufficient food, sanitary dwellings, proper clothing and healthy recreation—all go to make a worker efficient.) A diminution of these would bring down efficiency to a low level.

* The efficiency of labour in India can be improved by (1) the better provision of the necessities of life and labour, (2) education, both general and technical, (3) the creation of an atmosphere of freedom, change and hopefulness and by (4) better direction and organisation.

(c) *Education*—general and technical. Education develops intelligence, judgment and imagination in the worker. These qualities go to make a good and efficient worker. Many of the trades in the modern world of highly technical industries demand great skill from the workers.

(d) *The moral qualities of honesty, industry and temperance.* These qualities mark a really efficient worker. Character is no less important than cleverness or skill. An irregular and intemperate life reduces the productive efficiency of a labourer.)

(e) *An atmosphere of hopefulness, freedom and change.* Industrial and political slavery reduces the efficiency of labour.)

(f) *The nearness and directness of reward.* Willing workers are the greatest assets of modern industry. The nearer and more direct the reward the greater will be the inducement to work)

(g) *The number of hours of work.* Too many hours of work will have evil effects on the efficiency of labour. Industrial fatigue is one of the principal causes of diminished output)

II. (The efficiency of labour also depends on an intelligent direction and organisation of labour.)

(Great increase in efficiency can be secured by the allotment of a particular piece of work to an individual labourer who is best fitted for it. This division of labour is one of the main problems of organisation) and will be discussed in a subsequent chapter.

(Likewise, capital in the shape of adequate tools and

machines has to be furnished to aid the labourer to do his best.)

Summary.

Labour implies both brain-work and manual work.

Labour or human effort which results in the production of some utility is *productive labour*.

Labour which fails to produce any utility is *unproductive labour*.

What is of real importance to us to-day is not whether labour is productive or unproductive but whether it is more or less productive.

The efficiency of labour depends on

- (1) the efficiency of the labourers, which is promoted by
 - (a) *favourable climate*, (b) *provision of necessities*, (c) *education*, (d) *good morals*, (e) *free and hopeful atmosphere*, (f) *nearness and directness of reward*, and (g) *a reduction of hours of work*;
- (2) it also depends on the employer's efficiency in the direction and organisation of labour.

Questions.

1. Distinguish between productive and unproductive labour. (C. U. 1931).
2. What are the causes of efficiency of labour? How can you improve the efficiency of Indian labour? (C. U. 1926).
3. Distinguish between productive and unproductive labour.
 'What is of real importance to us to-day is—not whether the labour is productive or unproductive—but whether it is more or less productive, i.e. whether the effort expended results in the production of a large or small amount of wealth'. Explain. (C. U. 1934).

CHAPTER VI

CAPITAL

Origin of capital

(Capital is the result of saving. In order that we may save *we must produce in excess of our present requirements*, i.e., we must produce a surplus. This surplus may be *spent immediately* or *wasted* or it may as well be *saved*. If it is saved and is devoted to the getting of an income it becomes capital.)

Capital defined

(Capital is, therefore, defined as *that part of wealth which is saved** and is devoted to the getting of an income.)

Capital and Wealth

(Wealth devoted to some purpose with the intention of obtaining an income from it is called capital.)

(“Thus a man’s capital is part of his wealth and the same thing may be called *wealth* or *capital* according to the use to which it is put. Take, for example, a *motor car*. If its owner uses it *for pleasure*, we should say it is *wealth* to him, but if he uses it, as a doctor would, *for professional purposes*, it is a *form of capital*. It helps him to make a large income because with it he can see a larger number of patients.”)

* All wealth that is saved is not necessarily capital. For example, wealth that is hoarded and hidden as treasure—not devoted to any productive use—is not capital.

(A person's capital is that part of his stock from which he expects to derive an income. (Adam Smith).

Forms of Capital

(*Capital may take different forms.*

The factory buildings, plant and machinery, the tools and the instruments, the raw-materials awaiting manufacture are all alike capital—they are aids to production and are known as *producer's capital*.)

(The goods in the warehouses and the stocks in shops, are also capital.

The *dwelling house* when it is an aid to production and not a mere luxury is also capital but it is known as *consumer's capital* to distinguish it from producer's capital which aids production directly whereas consumer's capital aids only indirectly.)

Capital has also been classified as *fixed and circulating*.

Fixed and circulating capital

Capital has been commonly classified into (1) *fixed* and (2) *circulating capital*.

(Capital which remains in a durable shape and renders repeated services in production is known as *fixed capital*. Factory buildings and machinery are instances of *fixed capital*.)

(*Circulating capital* is that which can be used only once in one form. The constant supply of large quantities of raw materials is circulating capital. The *raw material*, e.g., cotton, is turned into the finished product, cloth, from the sale of which fresh raw materials are bought. Thus this capital goes on circulating.

Circulating capital changes its form by a single use. *Mustard in an oil mill is changed into oil and cake.)*

Capital in production—its functions

(Capital is one of the factors of production. It is derived from the two primary factors, land and labour and is, therefore, subordinate to them.)

(Capital has a twofold importance in production. It is a requirement of production as it is also the result of production. It is a factor or a requirement in the sense that without capital there can be no production. It is the result of production in as much as wealth must be produced before a portion of it can be saved and applied to the getting of an income.)

(The individual owner, or the capitalist as he is called, thinks that the function of capital is to bring him an income. To him it is merely a means of getting an income.)

(But to the business man as also to society, capital to-day is an indispensable aid to production and its function is to increase enormously our productive powers and efficiency.)

Efficiency of Capital

(By itself capital cannot do anything. The efficiency of capital is considered from two view-points:—

- (a) its fitness as an aid to production, and*
- (b) the method of its application.*

(a) Capital must be fit for the production in view. A huge factory-building might be too big for a small button-factory. A button-manufacturer may invest the larger portion of his capital in the building and then suffer

from want of capital when he has to buy machinery or raw materials.)

(b) Good machines and good buildings are helpful, but the best results would only be obtained by the best use of these machines and buildings. A high efficiency of capital would be secured if these machines are handled by efficient work-men working under the supervision of capable organisers who would make the best use of the men, the machines and the buildings, *i.e.*, the best use of land, labour (men) and capital (machinery and buildings).)

Imp Growth of wealth and capital*

The causes and conditions of the growth of wealth differ and have differed in different countries and in different ages.

1. Essential condition

(There must be a surplus above necessities of life before anything can be saved.

2. Subjective (mental) conditions

(i) The habit of distinctly visualising the future and providing for it is a habit slowly developed in human

* Growth of Capital in India

As regards *subjective conditions*, *family affection* is nowhere stronger than in India. The trading and middle classes possess sufficient *foresight*, but foresight is absent in the poorer classes of the Indian people.

As regards *objective conditions*, we enjoy at present in India sufficient security of life and property.

But *the essential factor* that there must be a surplus above necessities of life is *absent* in the Indian peasantry who form three-fourths of the Indian population. Consequently the Indian agriculturist's power to save is extremely limited.

Moreover, the number of banks and institutions offering opportunities for safe and profitable investment is very inadequate.

society. This *foresight* is a condition of saving. The savage has no foresight and does not save.

Besides, there are other subjective conditions, *viz.*, *motives*.

(ii) With the development of family life the chief motive for saving is *family affection*. When this affection is great, as in India, *the desire to save* something for the family is *strong*.

(iii) Mere *megalomania* also leads some to save. *The desire for power*, which money brings, is no less a strong incentive to saving.)

3. Objective (external) conditions

(Besides the subjective conditions, mentioned above, there may be *external conditions* which favour the accumulation of wealth. Among such external conditions are :

(i) *security of life and property*,—in a state of chaos and disorder when life and property are insecure people would be disinclined to save ;

(ii) *use of money*,—before the use of money, wealth, consisting of perishable goods, could not from its very nature be stored up, and

(iii) *opportunities of safe and profitable investment*,—savings banks, insurance companies and co-operative credit societies encourage saving.)

Capital and society

Capital is regarded by all as indispensable to production ; but private capitalism is not so regarded. Should all capital be in the hands of a few privileged and in some cases incompetent individuals ? Or should the ownership of capital, as of land, be vested in the community ? This, again, is a grave social question which should be discussed at a later stage.

Summary.

Capital is the result of saving.

Capital is that part of wealth which is saved and devoted to the getting of an income.

Capital may be (a) *fixed*, when it remains in a durable form, e.g., buildings, or it may be (b) *circulating*, e.g., raw materials.

Capital is an useful aid to production, and, as one of its factors, comes next in importance to Land and Labour from which it is derived.

The *efficiency of capital* depends on (a) its fitness as an aid to production and (b) the method of its application.

The *growth of capital* in a country depends on the people's having *first of all* (a) a surplus above the necessities of life and *next* on (b) their foresight, family affection, and desire for power which money brings, and (c) on the security of life and property and also on opportunities of safe and profitable investment.

The function of capital is not merely to add to the money income of the private capitalist but to increase the productive powers of the community.

Questions.

1. How does capital originate? Discuss the part played by capital in production. (C. U. 1926).
2. What are the main causes which influence the accumulation of wealth in a country? How far are those causes present in India to-day? (C. U. 1928).
3. Distinguish between
Fixed and circulating capital. (C. U. 1931).

CHAPTER VII

ORGANISATION

Production in our days is very highly organised. (From early simplicity we have come to a stage of complexity in our times. In the old days, the same man owned the land, gave his labour and capital, and the wealth that was produced was regarded as a *single income* from land. In our days, we find, land is owned by somebody who lets it out to a farmer who engages outside labour and employs capital. The wealth produced is the result of *joint effort* and must, therefore, be regarded as a *joint income* to be *distributed* among the landlord, the labourer, the capitalist, and the farmer who has organised production.

We have thus a large class to-day offering their labour ; another class offering capital and sometimes land and a separate class of men organising and managing business.)

The Entrepreneur

(When our business organisation becomes so complex, the need is felt "*for an intelligent guide at the centre, who shall supervise the whole field of production. He shall decide what will be produced, and in what quantities and he shall bring together the necessary agents of production in the making of the product.*"

He undertakes the organisation of business and also the risks which go with big business undertakings. He

is thus '*the undertaker*' the French equivalent of which is "*entrepreneur*." The functions of the entrepreneur are so important that he may justifiably be regarded as a fourth factor in production.

The entrepreneur is variously described as the organiser, venturer, captain of industry and business manager.)

Functions of the Entrepreneur

(The modern *entrepreneur* has two functions :

(1) *organisation of business* ;

The services of land, labour and capital are brought together by the *entrepreneur* and are remunerated by him.

(2) *risk-taking* ;

The entrepreneur plans the whole of the business and starts to work long before the product is marketed. Various unforeseen contingencies (*e.g.*, breakdown of expensive machinery, failure of supply of essential raw materials, a fall in demand due to change of fashion) may happen in the meantime leading to great losses. It is the function of the entrepreneur to undertake this risk of loss.

If, however, things come up to his expectations the entrepreneur is rewarded with the gains he calculated.)

His importance in modern times

(The *entrepreneur* has been called '*the captain of industry*.'—(Carlyle—Past and Present).

The success of a business or of an industry is determined largely by the organising power and by the steering ability of the *entrepreneur* who remains at the helm.

Industrial forces of one factory or of one industry are pitted against similar forces in rival factories and in rival industries.

Each *entrepreneur* has to marshal and command his forces in this industrial warfare. The captain who displays dash, energy, and skill in organisation and manœuvre wins the field.)

The Entrepreneur and Production

(Success in modern business depends, to a large extent, on *the entrepreneur* who is *the pivot on which the whole machinery of production turns*.

The phenomenal progress of the U. S. A. has been due to its highly capable business leaders. The vast natural resources of the country, its healthy and growing population and its steadily accumulating capital—all these have been harnessed together by the American *entrepreneur* for promoting production.

In India, also, we have abundant gifts of nature, a large population and a vast amount of hoarded wealth awaiting utilisation. But as the captains of industry here are few, our industrial progress has been slow. Notable Indian *entrepreneurs* have been the late Jamshedji Tata of the Tatas and Sir R. N. Mookerjee, Kt., K.C.I.E., K.C.V.O., of Martin's and Burn's.)

What the entrepreneur should be

(1) The *entrepreneur* should have a knowledge of the market or the field which he is about to enter.

(2) He must have a broad knowledge of men and human affairs as he must have gifts of foresight, judg-

ment and intelligent anticipations of the future. In a way, he must be a leader of men.

(3) He must have energy, enterprise, and organising ability of a high order.)

Summary.

From early simplicity we have come to a stage of complexity in our times. The need is, therefore, felt for an intelligent guide at the centre. It is he who has to organise production and to undertake the risks. So he is known as the undertaker (Fr. *entrepreneur*).

The functions of the entrepreneur are (1) organisation and (2) risk-taking. 'The entrepreneur is the captain of industry.' He is the pivot on which the whole machinery of production would turn.

Questions.

1. What are the functions of the entrepreneur in modern industrial organisation? (C. U. 1928, 1930). Imp.

CHAPTER VIII

SOME PROBLEMS OF ORGANISATION

Industrial organisation is no longer simple but highly complex and has led to problems which we should do well to consider.

Some problems of industrial organisation are :

(I) The organisation of the factor Labour in production—Division of Labour.

(II) The organisation of the factor Capital—Machinery in Production.

(III) Geographical Division of Labour and Localisation of Industry.

(IV) The size in organisation—Large-scale vs. Small-scale production.

(V) The control of business—Types of business management.

I. Division of Labour .

(Productive efficiency has been largely dependent on *the division of labour*) (*the organised co-operation of labour as a factor of production*).

(In primitive society, there is little or no division of labour.) Each man has to meet all his wants—the same man is, therefore, hunter, fisherman, clothier, boat-maker and builder in one.

(The greater the development of society, the more specialised will labour be. And the greater the division

of labour, the greater is the efficiency in production in general. But specialisation implies interdependence.*)

The Division of Labour, as it is called, is most striking in manufacturing industries.

Its character

["From the point of view of the individual the division of labour means specialisation ; from the point of view of the society it means co-operation. But specialisation by individuals is practicable only in society. More individuals can give their time exclusively to the provision of clothing or furniture, only because other individuals are directing their efforts to the provision of food and shelter."

Thus are tasks or professions divided.)

This division has been carried further still. (*Each task is now sub-divided.* The making of shoes is sub-divided in the U. S. A. into as many as 120 different processes each of which is done by a different person. A man in a shoe-factory, therefore, makes only 1/120th part of a shoe.

There is also specialisation inasmuch as a man sticks

* An instance of specialisation and interdependence is to be found in the modern telephone. The American who specialises in the manufacture of telephones has to depend practically upon the whole world to make it. From many lands are gathered the nineteen materials needed by him to make the instrument. The Japanese prepares the silk for the cord, the Indian mines the mica and the Egyptian the cotton used for insulation, the Russian digs the platinum, the Alaskan the gold and the Pennsylvanian the grains of coal used in your telephone, the Brazilian gathers the rubber for the receiver and the Irishman raises flax for paper used in the condenser and from this assemblage of materials and with the co-operation of every corner of the world the specialised skill of the Chicago workman makes for you that marvel of our age—the telephone.

to his particular job of making a particular part of the shoe, e.g., cutting of soles, stitching, fixing eyelets.

There is also *co-operation* because the 120 different workers must each co-operate with the rest who are all engaged in different processes, in order that the final product, the shoe, may emerge from the factory.)

Forms of Division of Labour

(According to Penson, the forms of division of labour are :

(1) *The division into industries, trades, and professions.*

This is to be found even in early societies, e.g., some took to agriculture, some to hunting. The ancient organisation of Hindu society, *Varnashrama*, is another example. Men were originally divided into professional classes according to their special functions—priests (*Brahmins*), kings and warriors (*Kshatriyas*), merchants, bankers and other producers of wealth (*Vaishyas*), and the menial workers (*Sudras*).

(2) *The division into processes which are complete.*

With the advance of civilisation we find that one man rears the cattle, another tans the leather and a third makes the shoes.

Here, each process is complete in itself.

(3) *The division into processes which are not complete.*

With further industrial progress and with the increasing introduction of machinery we find that *each process is further sub-divided.*

(4) The fourth form of division of labour is the territorial division of labour.)

The Advantages of Division of Labour

(1) *There is a gain in skill or an increase in dexterity.*
A man who makes nothing but nails all his life can make them better and quicker than a first-rate smith, who makes nails occasionally. 'Practice makes perfect'—the man who works at one thing only, will generally do it better than the man who is 'a Jack of all trades, master of none.'

(2) *There is a gain in adaptation.* (Each worker, man, woman or child, is given the work for which he or she is fitted. The gain in adaptation is the greatest when the processes are reduced to the simplest because it is then possible to classify workers, according to their respective physical strength, their intelligence, their education as also their skill. The work which requires the use of brains would be given to the brainy fellow ; the work which requires strong, powerful arms would be given to a strong man and only light work would be given to the woman or to the child.) Painters, poets, musicians, novelists, inventors and scientists would not be compelled most of their time to grow food, make clothes and build houses for themselves.

(3) *There is also the saving in time.*
(If a man is to do a simple work and to remain at that work he requires little time to learn it. The period of learning is thus shortened. The worker also saves much time because he sits at the same place and does the same work with the same tools) and has not to move

about for tools and instruments and for getting sundry other things which he must get if he has to do the entire work by himself.

(4) *There is a great economy of human labour.*

(As the processes are simplified the work becomes automatic. It is possible to do the things by machines.)

(5) (It has thus led to the *increasing use of machinery.*

(a) The machine has greatly increased production.

(b) The introduction of machinery has greatly *diminished the physical strain involved in production.* Heavy loads weighing several tons are carried within the factory not on the shoulders of men but by cranes operated by power.) The marvel is seen in large iron works where very heavy hammers which tire and baffle the muscles of the most powerful of men are being operated with ease by steam, hydraulic or electric force.

(c) (The increasing use of machinery, by simplifying processes of work, has also *helped in demolishing the barriers of employment.* When the cotton industry is depressed the weaver in a cotton mill may take up jute weaving in a jute mill.) Thus, when a man is unemployed in one particular occupation he can easily change over to another of a similar character. He can also learn a new one because learning is possible within a short time.

(6) Further, it has been claimed that (*division of labour has led to greater inventiveness.* Inventions have often come from the daily observation of the process of one's work. Some of the most important inventions were made by ordinary workmen who had received no technical education.) The boy-worker in trying to save his own daily labour by some clever contrivance has been responsible for more than one invention.

(7) (There is another important and striking advantage

from division of labour. Just as all people are not equally fitted for one and the same kind of work, so all parts of the world have not equal facilities for producing a thing. In some places things can be produced more easily and, therefore, at a cheaper cost than in others. If Britain were to grow grapes in her steel yards and Spain to manufacture steel in her vineyards the world would have less grapes and less steel than it has to-day. This has led to specialisation of a kind known as *Territorial Division of Labour or Geographical Division of Labour.*)

Adam Smith gives the following as advantages of division of labour :—(1) increase of dexterity, (2) saving of time, and (3) invention of machinery the use of which has reduced physical strain and increased human efficiency.

But the advantages of division of labour are often secured at the expense of the well-being of the worker.

Disadvantages of Division of labour

If division of labour has so many advantages why should we not have more of it? Is there no limit to dividing up labour? To these questions we must now find an answer. There is obviously a limit, the limit set by the increasing difficulties of division of labour. The difficulties bring disadvantages which counteract its advantages.

Division of labour is thus no unmixed good nor can the good be indefinitely increased.

(In the first place, division of labour implies large-scale business.) And the larger the business the greater the difficulty of organisation and management of business. Besides this difficulty there are also other disadvantages of division of labour set forth below.

(a) Monotony of work. (There is something dull and monotonous in continually repeating some *one* operation such as fixing buttons in a shoe or passing coal into the boiler.) A man may very justly complain if his whole life is spent on screwing a nut—may be nut No. 272.

(b) Narrowing of the mind. The shoe-maker of the old times who fashioned shoes all by himself and after his own mind had greater scope for the exercise of his mental faculties. These are narrowed if he is put to the making of a very small and a particular part as in a modern shoe-making factory, *e.g.*, buttoning the shoes.)

(c) Loss of general efficiency. (The narrowing of the mental faculties which division of labour involves naturally causes a loss of general efficiency. The worker in the ~~above~~ factory can think only of buttoning the shoes. He is not likely to be capable of doing anything else in his life. As such his general efficiency is lost although he gains in particular efficiency.) Adam Smith sums up the whole thing when he says, "His dexterity at his own trade is acquired at the expense of intellectual, social and martial virtues."

(d) The evils arising out of the factory system due to an extensive division of labour. :

Karl Marx condemns division of labour because it kills the individuality of the worker and because it is responsible for the factory system with which so many evils are associated.

The workman is reduced to a machine. He is de-humanised and brutalised. He becomes a crippled monstrosity. No scope is allowed for the development of his

character and capacity. Extreme division of labour has also destroyed family life by the employment of women and children whose labour is cheaper to the employer than the labour of men.)

(The towns are over-crowded, and the villages are neglected. The worker, being reduced to a machine, feels no stir of life within.

He has no personal relations with his employer. Formerly, he worked directly under the master. Far removed from the master by a hierarchy of managers, foremen and supervisors, he is to-day apt to regard his work as mere drudgery.)

Division of labour and society

(Division of labour has done a great good to society by *maximising production with the minimum of human effort*. It has greatly advanced modern civilisation which rests primarily on an economic basis.

The division of labour has cheapened commodities by greater production. As things have become cheap, it is possible for most men to buy them. The standards of living and of comfort of the people in general have improved in consequence.

But the system has been greatly abused by the capitalist employers. They have degraded human labour by making men work under humiliating conditions of life on extremely low wages. They have let loose disrupting forces into society by disturbing family life in utilising cheap woman and child labour.

It ought always to be remembered that division of labour is a means to an end, *i.e.*, the production of greater wealth for increasing the welfare of man.) This welfare is not the welfare of a particular class or section but the welfare of the entire community. If that welfare were constantly kept in sight by the employers the advantages of division of labour would indeed be great.

II. Machinery in production

(Our primitive ancestors worked with their hands. Later, necessity forced them to devise tools for a more comfortable

existence. With the advance of knowledge and the development of the economic life of man the tool was gradually replaced by machine.

The machine has decided advantages over our eyes and muscles. It is much more reliable and efficient and is never inattentive or fatigued. In certain cases it has increased man's powers a millionfold.

Yet in spite of these advantages the machine has not completely driven out labour. The machine has to be invented, planned, made and worked. When out of order it has to be repaired or replaced.) It may supplement and minimise labour, it may increase labour's productive powers a thousand times but it cannot totally replace human labour.

Machinery

(*Machinery is the outcome of division of labour, as division of labour itself is the outcome of an extended use of machinery.*) The processes of manufacturing have been split up into operations which are so simple that they can be performed by a machine.

Advantages of machinery

(i) It has relieved man from much physical strain in his heavy, arduous tasks by enabling him to utilise the powers of wind, steam, water, electricity, levers, pulleys, etc.

(ii) It has introduced much greater speed in production ; for example, 15 millions of pins can be made in a day by one man in a modern pin-factory)

(iii) Delicate and accurate work has been made possible on a large scale because of the use of machines, e.g., in the making of watches, gauges, precision balances.)

(iv) It has elevated the quality of labour by its demand for character and intelligence. The handling of

machines is a responsible task which can be entrusted only to the sober and intelligent.)

Disadvantages of Machinery

(i) Since a machine can replace a number of men, if *machinery be introduced suddenly, it may lead to the unemployment of many.*)

(The sudden replacement of cottage industries by machine industries has been followed in every country by widespread *suffering and distress.*) But as conditions become normal, the greater productiveness of industries leads to the getting of a larger amount of wealth which, if properly distributed, would lead to the well-being of all classes.

(ii) *'Machinery represents a great sin'.* Mahatma Gandhi in his infinite pity for the working classes condemns machinery as it is *responsible for the wage slavery that we see to-day in place of the slavery of the old times.*)

(iii) Machinery has brought about *moral degradation, intellectual poverty and physical deterioration* in the *lives of millions of factory workers of to-day.*)

Conclusion

Many of the *evils associated with the use of machinery are incidental* to it and *not essential* to it. Conditions at present are appalling and almost desperate. But we need not despair. *With the growth of the social conscience, evils such as these are bound to disappear as many such evils have disappeared in the past.*

III. Localisation of Trades and Industries—Territorial division of labour

(When people in the same business live together in a group in one particular area the particular business or profession is said to be located in that area.

The book-trade in Calcutta is confined to the neighbourhood of College Square. Other examples are the cotton mill industry in Bombay, the jute mill industry in Bengal and the iron and steel industry in Jamshedpur.

Localisation of industry is mostly determined by economic causes such as proximity or nearness to markets and raw materials, supply of labour and capital, facilities of communication, etc. It is also determined by social and political causes as in the case of the muslin industry in Dacca (the old capital of Bengal), the brass and cloth industries at Benares (the ancient place of pilgrimage).

Sometimes chance has played a large part in the establishment and localisation of industries as the mere advantage of an early start has often been a most helpful factor.)

IV. Large-scale and Small-scale production

Another striking feature of modern economic life is *large-scale production*.* The minute division of labour

* The size of the establishment has increased from a small workshop in a cottage to the great group of buildings and workshops occupying the area of a town or city as seen in the case of some of our larger industries, e.g., iron and steel. The worker no longer owns, nor works with his tools, nor does he strain his eyes and muscles in an effort to produce at best a few dozen pins in a day. He takes his stand beside a costly machine owned by others in a factory and turns out millions of pins a day. His hours of labour, his wages, and his conditions of labour are all under the control of his employer who is the all-powerful figure to-day subject only to the checks of law and the threats of the labour union.

and the growing use of machinery have made possible large-scale production which is generally more profitable than production on a small-scale. An instance of large-scale production is the big cotton-mill and that of small-scale production is hand-loom weaving.)

Advantages of large-scale production

The advantages of large-scale production can be summed up in the following phrase: '*production of more goods at less cost.*'

(a) Large-scale production benefits the public because they are able to buy at a lower price.

(b) It also benefits the workmen. It minimises their labour and maximises their production.

(c) It considerably benefits the producer. It enables him to secure large economies in cost of production.)

The relative advantages and disadvantages of large-scale and small-scale production

Large-scale production and small-scale production have each their corresponding advantages and disadvantages.

(The advantages of the large-scale producer arise chiefly out of the economies which he secures.

(i) *Economy in purchase.* The man who buys in bulk buys it cheaper than the man who buys in small quantities.)

The worker has become a part of the great mechanism of large-scale production. His work must still be done very carefully to ensure smooth and efficient production. To-day he is merely one of the many who combine and co-operate to give us what we want. This change, in the method and organisation of industrial production is so revolutionary that the change itself is known as the Industrial Revolution.

- (ii) *Economy in the use of machinery.* The large-scale producer uses his tools and machines many times more than the small-scale producer.)
- (iii) *Economy from division of labour.* The large-scale producer can get the best out of each man he employs because each man is put to the work he is best fitted for. On the other hand, the intelligent worker of the small-scale producer often wastes his talent in doing work which requires little or no intelligence.)
- (iv) (The large-scale producer can spend money on *research and experiment* which would secure for him greater advantages through *improved methods of production*. This the small-scale producer with his small amount of capital cannot afford to do.)
- (v) *Economy in the use of by-products.* By-products which would not be utilised in a small producer's place are turned to profitable use by the large-scale producer.)
- (vi) The large-scale producer also secures *economies of marketing*. He can market his commodities quicker and better than his small rival.)

* The small-scale producer

(The advantages of the small-scale producer arise chiefly out of a more direct supervision by the master. He has the economy of the master's eye.)

(The small-scale producer is being gradually ousted by the large-scale producer. He can hold his own in industries where variety, specialised skill or art of the craftsman or individual attention to customers are insisted upon.)

- (i) *The small-scale producer supervises much of the details of business and thereby dispenses with many complications and prevents idleness in his employees.*
- (ii) *The small-scale producer can attend to the individual requirements of customers.)* Hence, he is in a more advantageous position than his large-scale rival in industries like *tailoring, hair-dressing, etc.*, where success depends on the amount of personal attention that is given.
- (iii) *The small-scale producer has also advantages in industries where art and variety play a great part.*

For instance, in shawl-making and in jewellery the small producer still holds the field because in these industries there is still the demand for his individual skill and artistic sense).

(Large-scale production is mass production but production of 'standardised' goods of the same pattern.) Where variety is insisted upon and where the demand is small the small-scale producer is at an advantage.

V. The types of business management

(There are many types of business management all of which may be seen side by side.

- (1) *The single entrepreneur system.*

In this system control, direction and ownership are vested in a single individual.

(2) *The partnership system.*

Here the control, direction and ownership are shared by two or more partners.

(3) *The joint-stock company.**

The entrepreneurship is divided. The shareholders have the ownership and the ultimate control. They bear the risks. The immediate control and management of business are, however, vested in directors elected by the shareholders and in salaried managers and superintendents.

(4) *Industrial combinations.*

Instances of these are monopolies, trusts and kartels.

(5) *Co-operative management.*

*** Joint Stock Company—how it raises its capital**

The capital of a Joint Stock Company is provided by the shareholders.

The shareholders receive a payment out of the net product in proportion to the amount of capital contributed by them. The shareholders, it must be noted, do not take the same measure of risk. There are, in fact, three classes of shareholders taking different kinds of risk. These are :

(1) The Debenture holders

The debenture holders do not take much risk and so their remuneration is small being a small fixed rate of interest which shall have to be paid irrespective of gains or losses.

(2) The Preference Shareholders

The preference shareholders take some measure of risk because they cannot expect any dividend if there be losses. Hence their reward is greater than that given to debenture holders. The former shareholders are so called because they are preferred to ordinary shareholders.

*** (3) The Ordinary Shareholders**

The ordinary shareholders bear the largest part of the risk. They have, in a sense, undertaken to pay a certain rate of interest to the debenture holders, and a certain higher rate to the preference shareholders, but their own rate of remuneration remains indeterminate. What they earn is the real profit of the concern which, by its nature, unstable and ever fluctuating.

(6) *Public management*—state or municipal management on behalf of the people as in the case of posts, telegraphs, water-supply, etc.

In this case the entire community owns the business and undertakes all risks. The management is entrusted to salaried officials.)

THE LAWS OF RETURNS

{Marshall is of opinion that "*the part which Nature plays in production conforms to the law of diminishing return ; the part which man plays conforms to the law of increasing return.*" The law of diminishing returns applies to agricultural and mining operations where Nature has the greater share in production. The law of increasing returns, on the other hand, applies to manufacture in which man plays the more important part.)

The law of increasing returns

{ "*An increase of capital and labour leads generally to an improved organisation which increases the efficiency of the work of capital and labour.*"

A man who has invested Rs. 10,000 in a manufacturing industry gets a return of Rs. 1,000 a year.

He invests another sum of Rs. 10,000. He gets a total return of Rs. 3,000. He secures, in this case, an additional return of Rs. 2,000 for the additional investment of Rs. 10,000.

Originally, he was getting a return of 10 per cent. (Rs. 1,000 on Rs. 10,000). Later, we find he is getting a return of 20 per cent. (Rs. 2,000 on Rs. 10,000). This tendency of returns to increase is known as the law of increasing returns. This law is generally in operation in manufacturing industries.)

The law of constant returns

(The law of constant returns is that an increase of capital and labour in production leads to a proportionate increase in return. A is getting a return of Rs. 1,000 on Rs. 10,000 invested by him. The rate of return is 10 p. c. A invests another sum of Rs. 10,000 and secures an additional return of Rs. 1,000. This additional investment of capital has led to a return of 10 p. c. The return is *constant* in this case.)

The law of diminishing returns

The law has been discussed already in the chapter on Land (Production), see p. 23.

The law of diminishing returns operates with full vigour in agriculture in an old country like India. In manufacturing industries the law can operate with much less vigour because it is very often more than counterbalanced by the law of increasing returns (see above).

Summary.

(a) *Division of labour*: In modern economic society labour has been divided and subdivided.

Advantages of division of labour: (i) gain in skill, (ii) gain in adaptation, (iii) saving in time, (iv) economy of labour, (v) diminution of physical strain, and (vi) invention of machinery, specialisation of different countries in different industries.

Disadvantages: (i) monotony of work, (ii) narrowing of the mind, (iii) loss of general efficiency, (iv) evils due to the factory system.

(b) *Machinery in production*.

Advantages of machinery: (i) diminution of physical strain, (ii) greater output, (iii) improvement of the quality of labour.

Disadvantages: (i) unemployment, (ii) wage-slavery and (iii) moral and physical loss.

(c) *Localisation of industry*: Industries are localised because of (i) proximity to markets and raw materials, (ii) supply of

labour and capital, (iii) facilities of communications, e.g., the jute mill industry in Bengal.

(d) *Large-scale and small-scale production.*

Advantages of large-scale production : (1) economy in purchase, (2) economy in the use of machinery, (3) economy from division of labour, (4) economy in the use of by-products, (5) economy in marketing.

Disadvantages of large-scale production : (1) laxity of supervision, (2) the absence of the personal element necessary in certain trades such as tailoring.

Advantages of small-scale production : (1) better supervision, the economy of the master's eye; (2) individual attention to customers; (3) also where there is a small demand and variety is insisted upon the small-scale producer is at an advantage.

(e) *Types of business management—*

(i) the single entrepreneur system, (ii) the partnership system, (iii) the joint-stock company, (iv) industrial combinations, (v) co-operative management and (vi) public management.

The Laws of Returns. (i) proportional returns, i.e., the law of constant returns; (ii) non-proportional returns, i.e., the law of increasing returns, the law of diminishing returns.

Questions.

1. Briefly describe the various types of business management.
2. Explain the advantages of division of labour. (C. U. 1926).
3. What are your views on the use of machinery?
4. What is localisation of industry? Give Indian illustrations.
5. What are the advantages and disadvantages of large-scale production? (C. U. 1928).
6. Compare the relative advantages and disadvantages of large-scale and small-scale production? (C. U. 1930).
7. Explain the Law of Diminishing Returns. Does it operate with equal vigour in industry and in agriculture? Support your answer by reasons. (C. U. 1929).
8. Mention the advantages of the different forms of division of labour. (C. U. 1933).
9. Mention the advantages of large-scale production. Can a small producer hold his own in the presence of large-scale manufacturers in modern times? (C. U. 1933).
10. What are the various ways by which a typical joint stock company raises its capital? (C. U. 1934).

CHAPTER IX

VALUE AND EXCHANGE

Introduction

To-day if a man wants to buy anything he fills his purse with money and goes to the bazar. He pays the value in money and brings home the things he wants. The whole thing seems so simple and easy. But it was not so in the early stages of economic society, when we did not know the use of money. There was then no standard of value and no medium of exchange. In consequence there could be little buying and selling. Our purpose in this chapter is to examine the development of the facilities of buying and selling as we see them to-day.

EXCHANGE

(A has got a *hilsa* fish and B a quantity (say, a seer) of sugar. A wants sugar while B, a fish.

The goods would be exchanged between A and B,—

- (i) *because each of them has the desire to possess what the other man has ;*
- (ii) *because each of them is willing to sacrifice his own thing for that of the other ; and*
- (iii) *because the sacrifice is actually made (since each believes that the other man's article has a*

greater utility or will bring greater satisfaction to him).

At the end, both A and B are satisfied and each thinks himself a gainer.

In barter, as in modern buying and selling, we find people reasoning in the above manner before exchanging their goods.

Exchange

(There are *two forms of exchange, viz., (a) barter ; (b) buying and selling.*)

A. Barter

(In the early stage we had exchange by barter. Barter means *direct exchange of goods for goods.*) Jevons quotes an example of barter recorded by Mademoiselle Zeli, the famous French singer. She sang in the Society Islands five songs for which she received three pigs, twenty-three turkeys, forty-four chicken, five thousand cocoanuts and also large quantities of banana, lemon and orange.

(The barter-system of exchange was full of inconveniences. The real inconvenience of barter is to be found in the *necessity of a double coincidence of wants* before there can be any exchange. About the inconveniences of barter we have the old story of *the hungry hatter and the bootless butcher.*

The hungry hatter was unable in the days of barter to get meat because the butcher wanted boots and not hats. So the hatter had to go hungry and the butcher bootless.

The inconveniences of barter

(i) *Want of coincidence in barter.*—In the barter-stage the hungry hatter must find out the butcher, who is in need of hats and not the butcher who is in need of boots, while the bootless butcher must find out the hungry man who makes boots and not the hungry man who makes hats.

(ii) *Want of a measure of value.*—Where there is no money, no common medium of exchange, it is difficult to measure values—at what rate one commodity is to be exchanged for another.)

(iii) *Want of means of sub-division.*—This is another serious inconvenience. In the barter-stage a man cannot often exchange goods because of this difficulty. For example, a man who has an ass wants a hat. Now the value of the ass is ten times the value of a hat. Surely, the man who has got a hat will not exchange his hat for one-tenth part of the ass. The man with the ass to exchange must, therefore, go without his hat for want of means of subdivision.)

(iv) *Want of a store of value.*—The value of perishable goods is often destroyed in the stage of barter. The hunter who wants a straw-thatch for his hut may not meet some one who has got it to spare for the hunter's disposable surplus of the meat of deer. The meat, which cannot be preserved, is thus lost.)

B. Buying and Selling

On account of these inconveniences men gave up the barter-system of exchanging things. Buying and selling things for a value became much more general and this

method has, on account of its superior advantages, generally superseded barter in every country.) To-day we find things are being bought and sold for a money value.

Summary.

In old times people used to exchange goods for goods. That was the barter-system. The barter-system was full of inconveniences, so people gave it up and took to buying and selling. Things are now bought and sold for a money value.

Questions.

- 1.. What is barter?
2. What are the inconveniences of barter?

CHAPTER X

THE THEORY OF VALUE

(The word *value* is somewhat ambiguous and the use to which it has been put has been widely different. (We speak of the value of education, the value of government, the value of morals and the value of a building. All these uses are different but all have one thing in common—the sense of usefulness or utility.)

Generally, the word value has two different meanings. Sometimes it expresses (i) *the utility of an object* and sometimes, (ii) *the purchasing power of that object*. The first is '*value in use*' and the second is '*value in exchange*.)

(The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use."—)
(Adam Smith).

Nothing is more useful than *air and water*. But scarcely anything can be had in exchange for them. They have little purchasing power (*little value in exchange*) although they have great value in use.)

{Gold and diamond, on the other hand, have scarcely any value in use, but they have high value in exchange.)

The *use-value* must, therefore, be distinguished, at the outset, from the *exchange-value*) which is the value proper of the economist.

Value

(*Value in Economics is 'power in exchange.' The value of a thing is its general purchasing power—or its power to purchase other things in exchange. Value is thus 'the expression of the worth of one thing in terms of other things.'*)

(In our everyday life, we find the value of almost all things expressed in terms of money. *The expression of value in terms of money is called PRICE*.*) When the

* Prices and the Price-level

The *price-level* is the average of the prices of the articles in most general use at any particular time. It refers to the general range of prices and must be distinguished sharply from any particular price. Any particular price may rise or fall, but the general price-level may none the less remain stable. On the other hand, the general price-level may change, but the price of any particular commodity may not be affected thereby.

The price-level is not determined in any mechanical way. It depends upon a multiplicity of forces operating in various directions. There is the inter-action of demand and supply with regard to each of the commodities, but such inter-action takes place in a very complex manner. There is as such no mechanical adjustment of the price-level.

Measuring the price-level

The general price-level is measured by the compilation of the *Index Number*. An index number is constructed in the following manner:—A list is drawn up of the commodities which are in very general use. A year is selected as the standard year and the prices of commodities in other years are compared with the prices of the same commodities in the standard year. The price of the standard year is represented by the figure 100 and the price of the year to be compared is expressed as a percentage of it. The percentages for all the commodities are then added up and divided by the number of commodities, the quotient being the index number for the particular date.

To give a simple hypothetical instance (the year 1890 is

value of a building is expressed as Rs. 20,000—we call that its price.

Now we proceed to a discussion of value or price. Can you explain why you have paid Rs. 6/- for your pair of shoes this year? How was that price fixed? In some years you have paid a higher price, but this year (1934) you have paid a lower price for exactly the same quality of shoes. Perhaps you cannot explain why it went up and why it came down. If you follow carefully what is stated below, you would be able to explain it easily to yourself.

How value is determined

In every transaction there are *two parties*—the *buyer* and the *seller*.

The buyer's side is spoken of as that of '*demand*.' On the side of demand we notice that—

- (i) *the buyer has a maximum demand price above which he will not pay, and that*
- (ii) *the buyer's interest lies in securing the thing at the lowest price.*

selected as the standard year and the commodities in general use are enumerated below with their respective prices).

	1890		1900		1920	
	Rs. As.	Index No.	Rs. As.	Index No.	Rs. As.	Index No.
Rice per bushel	3 0	100	2	66½	2 8	83½
Wheat per bushel	2 0	100	2	125	2 12	137½
Steel per ton	60 0	100	50 0	83½	40 0	66½
Sugar per pound	0 8	100	0 12	150	0 10	125
Coal per ton	8 0	100	7 0	87½		106¼...
Tea per pound	1 0	100	1 4	125		112½
Average	600 ÷ 6 = 100		637½ ÷ 6 = 106¼		631¼ ÷ 6 = 105¼	

The seller's side is known as that of "supply". On the supply side we notice that—

- (i) *the seller has a minimum supply price below which he will not sell, and that*
- (ii) *the seller's interest lies in getting as much above the minimum price as he can manage to get.*

The buyer tries to buy cheap as the seller tries to sell dear. The forces of 'demand' (buying side) and 'supply' (selling side) are thus acting constantly one upon another.

(This interaction of the forces of 'DEMAND' and 'SUPPLY' determines the price (or the money-value) of a thing.)

Demand

(The demand for a commodity is the quantity that would be bought at a given price.

Demand must be distinguished from mere desire. Demand in Economics means *effective demand*, which, according to Penson, implies three things:—

- (1) *desire to possess a thing,*
- (2) *existence of means of purchasing it,*
- (3) *willingness to use those means for purchasing it.*

The poor man has the desire for a motor car but not the means. The miser has the desire and also the means, but is unwilling to part with his money.

In either case, there is no effective demand.

It should be noted that there is *no demand apart from price*. The demand depends very much on price. In general, demand increases with a fall in price as it diminishes with a rise in price.

For instance, when mangoes are cheap they are in great demand, when mangoes are dear they are much less in demand.

Elasticity of Demand

(When there is a great change in demand for a particular commodity due to a small change in its price, its demand is said to be *elastic*.)

The demand for luxuries and comforts, in general, is elastic. For instance, with a small change in the price of admission to the cinema there is a perceptible change in the number of cinema-goers. Their number will rise if prices are lowered and their number will fall if prices are raised.

The demand for watches and furniture, which are regarded as luxuries and comforts in India, is elastic.

Though, *in general*, demand changes with price, it may not change *always*. For example, with regard to necessities of life there is little or no change in demand in spite of appreciable changes in price. (Where demand changes but little as a result of changes in price it is *inelastic*.)

The demand for necessities of life such as rice, wheat and salt is *inelastic*.)

(Rice is ordinarily sold at Rs. 6 per md. When the price of rice comes down to Rs. 4 per md., one who consumes half a md. of rice every month does not begin to consume twice as much. One in that case does not buy 1 md. Nor when the price rises to Rs. 8 does one starve oneself because of the rise in price).

Supply

(The *supply* of a commodity is the quantity that would be sold at a given price.

Supply is to be distinguished from *stock*. *Stock* is the quantity that could be sold immediately. *Supply* is the quantity that could be sold at a given price.)

There are 5000 mangoes in the city market* which constitute the stock. The seller's minimum or the minimum supply price is Rs. 3 per hundred. If in such a case the buyers will not pay more than Rs. 2-8-0 there is no *supply* of mangoes although there is a *stock* of 5000 in the market.

There is, thus, no such thing as supply without price. In general, the higher the price, the higher the profit inducing a larger supply from sellers more willing to sell. There is an increase of supply. The lower the price, the smaller the profit inducing a contraction of the supply, sellers being less inclined to sell.) There is a decrease in supply.

What is price

(Value expressed in terms of money is Price.)

How price is determined

(*Other things being equal, an increase of demand forces price up as an increase of supply forces it down.*

If at a given price the demand is greater than the supply, the price is forced up by the eagerness of the many to buy from the limited supply. The higher price paid by buyers brings higher profits which induce more sellers and additional supplies into the field. As the supply increases beyond the demand, the sellers become

*** Markets**

'Economically interpreted, the term market refers, not necessarily to a place, but always to a commodity, or commodities, and buyers and sellers of the same who are in direct competition with one another. So we may speak of the tea market, the iron market and so on, without meaning any particular place. There are world markets, as well as local markets. There is a world market for tea, since people all over the world are competing with one another in the purchase of tea. There are also local markets for tea, in London, Berlin, and many other places.'—Chapman.

eager to sell and they sell at a lower price, since the higher price discourages buying.

The lower price now induces many to buy. But the lower price also makes few willing to sell. (There is again the tendency of demand outstripping supply which would raise prices.)

(The essence of the whole process is that the price-changes set in motion the forces of competition among buyers and sellers.)*

✓ Demand and supply equate through such price changes. When demand is adjusted to supply we have an equation. At this point, the price is called *equilibrium price*.)

100	Rs. 50	500
200	Rs. 40	400
[300	Rs. 30	300]
400	Rs. 20	200
500	Rs. 15	100

* Competition

'There is said to be competition when (a) would-be buyers bid against one another, or when (b) would-be sellers bid against one another.'—Chapman.

'Competition may be one-sided or two-sided. As one-sided, it is competition between buyers or competition between sellers. As two-sided it is both together.'

Where we have markets properly organised, they serve to promote competition.

'Under competition one price only can be charged, in the same place, for the same commodity, at the same time.'—Chapman.

Advantages: Competition promotes activity, alertness and efficiency among producers and protects consumers from unreasonably high prices.

Disadvantages: Excessive competition means waste of effort and the zeal for excess may ultimately lead to dishonesty and corruption in business.

(At the price of Rs. 50—500 cameras are offered but only 100 are bought. The price has to be brought down if there is to be more buying. At a lower price, Rs. 40, there is more buying (200 in place of 100) but less supply (400 in place of 500).

At a still lower price, Rs. 30, buying increases (300 in place of 200) but supply decreases (300 in place of 400). *Here the supply is equal to the demand.*

At Rs. 20, the demand is for 400 cameras whereas the supply is of 200 only. The demand is in excess of the supply. This will lead to a rise in prices.

(The price rises till it reaches Rs. 30 where there is an equilibrium.) (Market prices* fluctuate round about this mean price or equilibrium price.)

It is not the upper blade nor the lower blade alone of a pair of scissors that cuts a piece of cloth, so neither demand alone nor supply alone governs price. As the two blades operate together, so demand and supply do act and react upon each other by changes in price until an equilibrium is reached when the normal price (or value in terms of money) is settled.

Summary.

Value is power in exchange.

Value expressed in terms of money is called *price*.

* Market price is very unsteady—as unsteady as the pendulum of a clock. Like the pendulum which always moves to and fro but which all the time tries to reach the central position so also does price fluctuate, rising and falling, tending to reach the equilibrium. As the forces behind the movement of the pendulum are those of initial impulse and of gravitation so the forces behind the swinging price movement are the twin forces of demand and supply. Both the pendulum and the market price are trying to reach the mean or equilibrium position but cannot stay at it.

Demand is the quantity that would be bought at a given price. There can, therefore, be no demand apart from price.

Supply is the quantity that would be sold at a given price. Equally, therefore, there is no supply apart from price.

Broadly speaking, *value* is determined by the interaction of the twin forces of demand and supply.

Questions.

1. How is value determined? Give examples. (C. U. 1927).
2. "Value is determined by the general relations of demand and supply." Explain and illustrate. (C. U. 1928).
3. Write a short essay on the theory of value.
4. Distinguish between
Value-in-use and value-in-exchange. (C. U. 1931).
5. What do you understand by elasticity of demand? Consider the elasticity of demand in the case of wheat, salt, watches and furniture. (C. U. 1931).

CHAPTER XI

MONEY

Adam Smith

Adam Smith says on the origin and use of Money, "The butcher has more meat in his shop than he himself can consume and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. *No exchange can, in this case, be made between them.* He cannot be their merchant, nor they his customers, and they are all of them thus mutually less serviceable to one another." (The Wealth of Nations).

How money came into use

(To avoid the inconveniences arising out of barter men tried to find out something which all people would accept, without hesitation, in exchange for the produce of their toil.

Many were the commodities thought of and employed as a common medium of exchange.

In primitive communities the political life was not so organised as it is now and there was no 'state' money or state regulated money.)

The old forms of money

(The medium of exchange was selected by custom and must have been a commodity of general utility or in

general demand. And as such it acquired that essential quality of money, *acceptability*.

Cattle were so used because of their general utility. Things were valued according to the number of cattle given in exchange.

"The armour of Diomedes", says Homer, "cost only nine oxen ; but that of Glaucus cost a hundred oxen". In a similar way, salt came to be used among some aboriginal tribes as the medium of exchange. Tobacco in Virginia and the cod-fish in Newfoundland are other instances. In India, the *cowrie* has for long been the medium of exchange. Corn, rice, hides, knives, shell and beads have also been used as money in different communities.

Such articles as these were so generally wanted that the seller knew that other people would accept these from him whenever he went out to buy.

Most of the early forms of money had *acceptability* but they were diverse in quality and unable to stand wear and tear. A large payment in kine (2000 heads of cattle) would raise difficulties in ascertaining the quality (one may be better than the other) and in handling. Want of durability (the short life of the cattle) was another great disadvantage.

Therefore, Professor Marshall has said: "for immediate (*current*) business, money needs only to be a *clearly defined, easily handled, and generally acceptable medium of exchange.*" (Money, Credit and Commerce.)

Gold and Silver as money

(Men, however, soon came to give preference to *metal* above every other commodity for employment as their common medium of exchange.)

(The precious metals, gold and silver, have been chosen as the money medium because of the *superiority* they enjoy over the baser metals, iron and copper, and over all other commodities in respect of the following qualities:—

The qualities of money

(1) Acceptability—

(This is the first quality. The money must be accepted without hesitation by the people in their every day transactions. This implies that the people must have unquestioned faith in the money of their country. Without acceptability money cannot do its work at all—it ceases to be money.)

(2) Stability—

(This is the second quality. The buying power of money must remain fairly constant and must not change from day to day or from year to year. Without this stability, money cannot do its work well.)

(3) Durability—

(Gold and silver are more durable than iron and much more durable than animals and agricultural produce, *e.g.*, cow, corn, etc., which will perish soon.)

(4) Portability—

(Money should be such as can be easily handled. For this, *it should have large value in small bulk*. Gold and silver possess this quality in greater degree than other things. (A large payment of money in the form of iron or in the form of rice or cattle is difficult to handle.)

(5) Divisibility and Homogeneity—

(The money medium must be divisible so that small payments can be made with it. *The units must all be*

of the same quality or homogeneous so that there may not be any loss of value because of division and sub-division. Diamond is valuable and desirable in many respects but it is not divisible nor homogeneous.)

(6) *Cognisability*—

(Money should be of a material which can be quickly and easily recognised. Gold and silver possess this quality in an eminent degree.)

(7) *Malleability*—

(Money should also be fusible and malleable—so that it can be easily melted down and then coined into the required size and shape to make division and identification easy.)

Functions of money

Essential Functions

(1) *Money is the medium of exchange.*

(Through it, the produce of one man's toil is exchanged for the produce of the toil of another.)

(2) *Money is also the measure of values.*

The values of commodities and services are measured in terms of money, e.g., the value of a house or of a motor-car is measured by a sum of money.)

Derived Functions

(1) *Money stores value.*

(When there is a surplus produce of grain, it may be sold away and the gold or silver money obtained from the sale may be stored up. If there were no money, the grains would have perished and the value lost.)

(2) *As a storer of value, money also transfers value.*

(Grain that is surplus and not wanted in India may have great value in Britain. Also, what is surplus and not wanted this year may be welcome in a famine year when it will be of great value.)

This value can be transferred by a sale of the surplus for a sum of money which effectively stores the value. The value can then be transferred from one place to another place or from one time to another. In the first case it is a place-transfer, in the other it is a time-transfer.)

(3) *Money as a standard of deferred payments.*

(In credit transactions the lender has to wait for some time for repayment. It is desirable that the borrower should return to the lender the same value which he took. In these postponed payments, money serves as the standard.)

Contingent functions

(Besides the essential and the derived functions, money has also certain contingent functions. These are

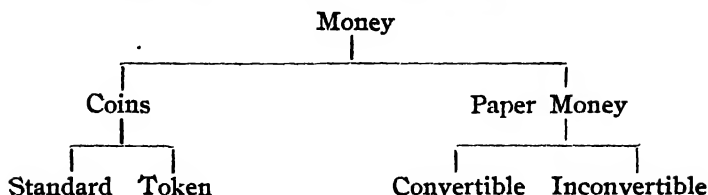
- (1) *to distribute the social income,*
- (2) *to furnish the basis of credit,*
- (3) *to give a general form to capital.*)

Definition of money

(Money is anything that passes freely from hand to hand as a medium of exchange and is generally received in final discharge of debts.) (Ely and Wicker)

(Money or the Currency in a particular country is the different media of exchange, current in that country, having the power to satisfy the claims of creditors.)



Different kinds of money (in a table)**1. Coins**

Coins are pieces of metal, uniform in shape, weight and quality, stamped and certified as such by the mint of issue.

Standard coins

(A standard coin (or standard money) is one whose value depends only on its metallic content.)

(*The gold sovereign* is the standard coin in Great Britain—its value depends on its gold content.)

The values of all other kinds of money are adjusted to its value which serves as the money standard. Hence the sovereign is known as standard money.)

Token coins or subsidiary money

(A token coin (or token money) merely betokens the standard. The coin value is greater than the value of the metal in it.

A shilling, for instance, is a token for 1/20th of a pound according to the British law of money standard but the silver in it is worth much less.

Likewise, the Indian rupee is a token for sixteen annas under the Indian law of money standard. But the silver in it is worth near about eight annas.)

2. Paper Money

Besides money issued in the form of coins, money also circulates in the form of paper notes issued by Government or by semi-government institutions such as Central Banks. In England paper money is issued by the Bank of England which is not a government institution. In India, however, all paper money is issued by the Government.)

(Paper money may be convertible or inconvertible.)

Convertible Paper Money

(*Convertible paper money* can be changed into coins at the pleasure of the holder.' He is only to go to the bank or to the government office, which has issued it. The bank or the office will convert it into coin on demand.

When the paper money is convertible, the issuing authority has always to keep large reserves of gold or silver to meet possible public demand. The issuing authority has to be careful about the issue of notes.)

Inconvertible Paper Money

(*Inconvertible paper money* is paper money which cannot be changed into coins at the will of the holder. Inconvertible paper money is generally issued by the Government. It may be highly abused especially by an unscrupulous government.)

Advantages of Paper Money

1. (The use of paper money is economical, (a) the labour and capital, now employed in mining precious metal, may be saved by the use of paper and may be employed in other kinds of productive work, (b) further, the metallic money that is replaced by paper may be released for investment at home and abroad.)

2. (The loss due to wear and tear is small in the case of paper money.) ✓

3. (Large payments and payments at a distance may be more conveniently made in paper because of its great portability.) ✓

Disadvantages of Paper Money

1. (Paper money is uncertain and unstable in value, dependent as it is on the government which can at any time rob it of its value.)

2. Paper money has a limited area of circulation—it will not be accepted by foreigners.

3. Paper money, specially inconvertible paper money, has a danger—the danger of overissue and depreciation. An overissue of paper is much easier than an overissue of metallic money.)

Coinage

(Coinage is the manufacture of metallic money. This manufacture is generally done in *government mints*.)

1. Free Coinage

A. Unlimited Coinage

(Coinage is *free* when there is no limit to the amount coined.)

Limited Coinage

Sometimes restrictions have to be imposed, as in India. Coinage is then said to be limited.)

B. Gratuitous coinage

(Coinage is also said to be free when no charge is made by the mint for coining.)

2. Coinage on payment

A. Brassage

(When the mint charges a fee which is the actual cost of coinage—the fee is known as brassage.)

B. Seigniorage

(If the mint charges a fee greater than the cost of coinage (i.e., if the mint makes a profit), the fee is called seigniorage.)

Legal Tender money

(Money which can be tendered, under the law, by a debtor to his creditor in satisfaction of the debt, is legal tender money. The law compels the *mahajan* (the creditor) to accept this money in repayment of his loan)

(Standard coins, *e.g.*, the gold sovereign, are *unlimited legal tender*—they can be tendered up to any amount.

Token coins are usually *limited legal tender*, *e.g.*, the shilling is legal tender up to £2. The British creditor may refuse to accept more than £2 in silver coins (shillings).

An exception to this is the Indian rupee which is unlimited legal tender although it is a token coin.)

Money Standard, Monometallism and Bimetallism

(The *money standard* of a country is the definition of its monetary unit or of its standard coin.)

(*Bimetallism* (*bi*=two) refers to a *monetary system* in which the *standard money* is composed of *two metals* (both gold and silver).

A country with a double standard is known as a country with a bimetallic standard, *e.g.*, France.

Monometallism (*mono*=one) refers to a *monetary system* in which the *standard money* is composed of *one metal*, either gold or silver. A country with one metal as the standard is known as a country with a monometallic standard (*e.g.*, Great Britain with a gold standard, China with a silver standard).)

Appreciation and Depreciation of Money

(Money is not desired for its own sake, but *money is desired for what it will bring or for what it will purchase*. This purchasing power of money depends on prices.

If prices of things are *high*, a rupee can purchase *less*, as when prices are *low*, a rupee can purchase *more*.)

Depreciation

(A rise of prices means a decrease in the purchasing power of money or *depreciation of money* (a fall in the value of money), when money can buy less than before.)

Appreciation

(A fall in prices means an increase in the purchasing power of money or *appreciation of money* (a rise in the value of money) when money can buy more.)

Gresham's Law

(In a country having two kinds of money, good and bad, in circulation at the same time *the bad money tends to drive the good out of circulation. Good money disappears and bad money remains in circulation.*

This tendency has been called Gresham's Law, after Sir Thomas Gresham.

This selfish instinct or tendency of man to keep the good to himself and to pass the bad on to others is seen in our everyday life. Do we not see men trying to pass on base, counterfeit and worn-out coins (so long as these are not refused) keeping the good coins with themselves?

In this manner there is a constant pressure exerted by bad money to drive out the good.)

(Good money disappears in three ways:)

(1) Sale by Weight—

A rise in the market price of gold metal would make the value of the metal in the gold coin greater than its value as coin. Shrewd people will make a profit by melt-

ing the gold coins and selling the gold as metal. Thus through sale by weight, good money disappears.)

(2) Hoarding—

{ For a similar reason, gold is hoarded and not silver. People would naturally hoard the good money and not the bad money. }

(3) Payment Abroad—

{ Foreigners would accept payment in good money alone and not in bad money. Foreign payments are made by exports of gold. }

Summary.

The origin and use of money is due to the inconveniences of barter.

Money is anything which passes freely, from hand to hand, as a medium of exchange.

Gold and silver have come in general use as money in preference to the baser metals and other commodities because of the superiority they enjoy in respect of certain qualities.

The *qualities* of money are (1) *acceptability*, (2) *stability*, (3) *durability*, (4) *portability*, (5) *divisibility and homogeneity*, (6) *cognisability*, and (7) *malleability*.

The *principal functions* of money are to serve as (1) *medium of exchange*, (2) *measure of value*, (3) *storer of value* and (4) *transferor of value*.

The *different kinds* of money are (1) *Coins*, token and standard and (2) *Paper money*, convertible and inconvertible.

There is an *appreciation of money* when money purchases more (with a fall in prices) and a *depreciation of money* when money purchases less (with a rise of prices).

Gresham's law is that bad money tends to drive good money out of circulation.

Questions.

1. Describe the functions of money. Explain why the precious metals came to be chosen as money. (C. U. 1928).
2. What are the chief characteristics to be looked for in the commodity selected as 'money'? Discuss the comparative fitness of precious metals, precious stones, and staple food-stuffs to serve as 'money'. (C. U. 1930).
3. What do you understand by 'token money' and 'standard money'? Illustrate your answer with reference to the Indian rupee. (C. U. 1928).
4. What do you understand by 'Legal Tender'? Distinguish between 'Money Standard' and 'Standard' Money.'
5. Write short notes on :—(a) Gresham's Law; (b) Free Coinage; (c) Appreciation and Depreciation of Money and (d) Bimetallism.
6. 'Bad money always drives good money out of circulation.'
Name and explain the law. How does the good money
disappear? (C. U. 1933).

CHAPTER XII

CREDIT AND BANKING

CREDIT

(The use of money has made possible the immense development of exchange since the days of barter. Money as the medium of exchange has great advantages over barter, but *money, in its turn, has become unable to cope with the large amount of exchanging work of modern times.*)

(Men have, therefore, devised a *cleverer, though more difficult, way of exchange than money. This is credit.* Because of the advantages of credit,* men have taken a

*** The Advantages of Credit**

(1) Credit helps production by rendering capital more productive.

Men with no capital but with real business ability may now help and stimulate production by securing the advantages of credit from men who have capital but have little ability to manage.

(2) Credit furnishes us with better and more convenient methods of payment (*e.g., a cheque*) as also payments abroad (*e.g., a bill of exchange*).

(3) Credit also acts as a stimulant to the growth of capital. The introduction of credit institutions (*e.g., banks*) and credit facilities (*e.g., lending of credit*) has encouraged thrift and savings of capital.

(4) Credit also increases the productive capital of a country by economising the use of gold and silver as means of payment. Credit is, however, not an unmixed blessing.

The Evils of Credit

Credit has its evils which manifest themselves both in production and in consumption.

(1) In production, there is often an inflation of credit leading to reckless speculation with ultimate ruin and suffering to many. There is an abuse of the confidence placed in the man to whom credit was granted.

(2) In consumption, men who borrow are generally extravagant. This extravagance frequently leads to many evils.

forward step in moving further from the stage of money economy to the stage of credit economy.

Credit has displaced money in ordinary large transactions to-day. You have to pay Rs. 10,000/- to your manufacturer. You do not pay in coins, you pay by *cheque*. You have imported foreign goods of the value of Rs. 50,000/-. You do not send gold or silver to your foreign creditor. The value of the goods you have imported is more often realised from you by a *bill of exchange*.

A credit transaction is one in which there is a transfer of goods *in the present* for a promise of payment *in future*.)

Two elements in credit

(There are two elements in credit.

(1) *Time*

(2) *Confidence*.)

(In a cash or money transaction, goods are exchanged for a sum of money which is paid on the spot and the transaction is complete.)

(In credit, the transaction is incomplete. The goods are delivered for a promise to pay at some future date.)

(Time is, therefore, an essential element. The creditor has to wait for payment for the time being.)

(Confidence is another element. The goods are parted with for nothing more substantial than a mere promise to pay.) The man who delivers the goods must have confidence in the person making the promise as also in the promise itself.

Instruments of Credit

(The promise to pay or the evidence of indebtedness given by the debtor to the creditor is the instrument of credit. Of the instruments of credit* we are going to study only two: (1) the cheque and (2) the bill of exchange.)

[Some are of opinion that paper notes are also credit instruments but these have already been considered, with good reason, as money, although there is an element of credit in them.]

1. The cheque

(The cheque is an order calling upon the banker to pay a specified sum of money on demand. The cheque is signed by a person who presumably has an account with the banker who has given that person the right to issue cheques. A cheque is payable to a person named or to his order, or to the bearer of the cheque according as the instructions are written on it.)

The cheque can be immediately cashed. The element of time is negligible in a cheque.

The cheque, in its essence, is a mere promise to pay. It is not an actual payment. The fulfilment of the promise depends on the honesty of the drawer of the cheque

* Other instruments of credit are :

A Draft—

A cheque drawn by a banker upon another banker is called a banker's draft. It differs from an ordinary cheque in that an ordinary cheque is drawn by a non-banker on a banker.

Book Credit—

In trade between two firms who have frequent dealings, there is seldom a cash payment for each transaction. The firms grant each other book credit. The use of metallic money is economised by the payment of only the balances which remain after the cancellation of debits and credits in their respective books.

and on the *solvency* of the banker who is called upon to cash it or to '*honour*' it.)

(A cheque is accepted in payment because of the *confidence* (1) *in the man who issues it* and (2) *in the bank which is called upon to pay it.*

The element of trust or confidence is prominent here.)

Are cheques money?

A cheque is not money, because

(1) a cheque has not got the first and essential quality of money, *viz.*, general acceptability. A cheque is acceptable only to those who have confidence in it. It, therefore, seldom performs more than one service whereas money does many such as it changes from hand to hand,

(2) the transaction is not complete until the cheque has been paid out. There must be some waiting. A money transaction is complete on the spot,

(3) the mahajan or the creditor is not bound to accept cheques in payment since cheques are not legal tender.

Cheques must, therefore, be regarded as credit instruments.)

2. The Bill of Exchange

(Another important instrument of credit is *the bill of exchange which facilitates foreign exchange.*)

(In modern times, every country has a considerable amount of foreign trade. *As it sells goods to foreign countries so it buys goods from them.* When a country buys, it has got to pay for its purchase.) What shall be the form of payment?

(The Germans or the Japanese would not accept payment in rupees because rupees are token coins. They

would accept payment in *gold* which is accepted throughout the world. They would also accept anything which would give them the right to have gold on demand, *e.g.*, paper which carries with it the right to demand gold.)

(This paper, in international trade, is a *bill of exchange* and is an order to pay. This order is, however, *not on a bank but on an individual or a firm*. It is made payable either *at sight* or *at any future date* stipulated in the bill (30 days, 60 days or 90 days after the bill has been drawn or accepted).)

(The Indian merchant who sells Rs. 13,000/- worth of jute to England would like to receive payment in Indian rupees and not in British money because pounds, shillings and pence do not circulate here. The English merchant who sends woollens to India worth a thousand pounds would similarly like to receive payment in British money because rupees will not circulate in England. These difficulties can be met by buying an equivalent amount of gold which is accepted everywhere, and by sending that gold to the foreign country.)

(But the difficulties of exporting gold would be (1) buying the necessary gold, (2) packing it securely to prevent theft or loss, (3) insuring it against such contingency, (4) arranging its transport by rail or steamer.

All these involve much expense and worry which may be avoided by cancelling out the credits and debits in one country against another.)

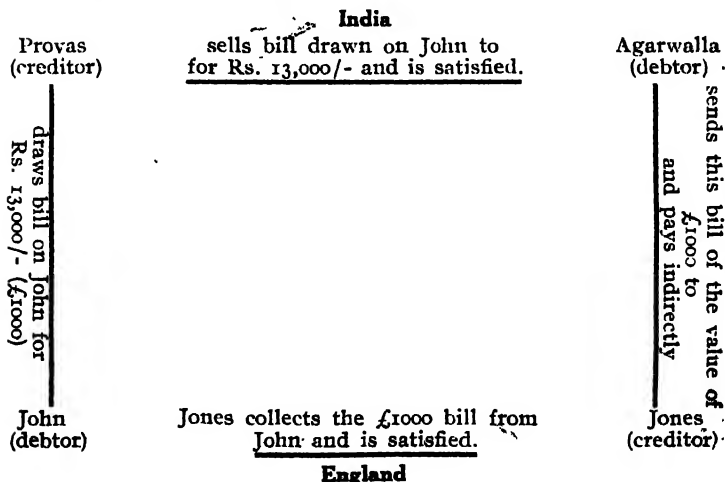
Provas exports Rs. 13,000 worth of jute to John in England. Agarwalla imports £1000 worth of woollens to India from Jones in England. Jones, therefore, has the right to claim payment of £1000 from Agarwalla as Provas has the right to claim Rs. 13,000 from John.

Suppose the rate of exchange is £1=Rs. 13. Provas, an Indian merchant, has a claim of Rs. 13,000 against an English merchant John. Similarly, an English merchant Jones has a claim of Rs. 13,000 (the equivalent of £1000) against Agarwalla, an Indian merchant.

Exchange would be facilitated as between the Englishmen and the Indians if their debts could be made to cancel each other. The cost of Agarwalla's sending gold from India to Jones and John's sending the same amount of gold to Provas in India—the double cost of carriage, insurance and packing can be avoided.

Let us so arrange that Agarwalla, the debtor, pays his debt of Rs. 13,000 to Provas, the creditor, in India and John the debtor, pays his debt of £1000 similarly to Jones, the creditor in Britain. The debtor, Agarwalla, finds it much easier to pay in rupees and finds it cheaper too, as the debtor John finds it in paying in pounds. Both the creditors, Provas and Jones, are also satisfied as they receive the values of £1 of their goods in their own money.

The operation of a bill of exchange



The whole transaction is carried through by a Bill of Exchange drawn by Provas on John for the sum of Rs. 13,000/-. Provas sells the bill drawn on John to Agarwalla, the Indian debtor, who pays Provas in rupees. Agarwalla sends the bill drawn on John to his creditor Jones. Jones now has received from Agarwalla a bill which carries the right to claim £1,000. This satisfies his claim *but indirectly*, because the sum is collected from John, the English debtor, on whom the bill has been drawn. John accepts the bill and pays it to Jones. All parties are now satisfied. One bill has discharged two debts—one in India and the other in Britain.

BANKING

(‘The word *bank* was supposed to be derived from the *bank* or *bench* on which the early money-changers kept their coins so that the *banker* would be the ‘*bencher*’ as the *money-changers* were called in Greece and Rome.’

The word *bank* is also supposed to be derived from *bank*—a *heap* or *pile*. Originally standing for a fund of capital a bank has come to-day to mean the institution dealing in such funds.

The old banker was a mere money-changer, the modern banker is principally a dealer in credit though he still deals in money. He also promotes business.)

Banking Operations

(The main functions of banks are two-fold—those of borrowing and lending.)

(When we deposit* money with a bank it is in fact a loan to the bank and the bank is our borrower.)

* Depositing money or ‘opening an account’ with a bank may be on ‘deposit account’ or ‘current account’.

Money on deposit account can be withdrawn only on the terms and conditions of the deposit. Money on current account is payable on demand at any time.

(The money with which a bank carries on its business is not its own. For the most part it is other people's money lent or 'entrusted' to it.) How is the money so entrusted utilised and for what purposes?

(A good bank has to be ready at all times to meet its obligations as borrower and to pay immediately on demand by its creditors, the depositors. But all depositors do not demand repayment at the same time unless there be a panic or a loss of confidence in the bank.)

(The bank, therefore, keeps funds sufficient to meet possible demands—the likely demands in countries with developed banking habits do not exceed 10% of the total deposits. Banks, therefore, keep in cash about 10% of their deposit liabilities.) This constitutes their first line of defence.

The surplus* money they have in hand they invest or lend. Thus we come to the second main function of the bank—the bank as the lender.)

(The operation of credit transactions would have been very difficult as between nations but for the existence of modern banks.

They promote the development of credit by encouraging the deposit habit and the cheque habit and by lending to trade and industry in times of need. But an equally important service of banks has been the development of foreign or international credit.)

* Out of the surplus another 15% is kept with other banks at home and abroad or lent to people at 'call' or 'short notice.' This money can be had at very short notice and constitutes the second line of defence of the bank if there be large withdrawals of deposits by creditors.

The other principal investments of a bank are in inland trade bills, bills of exchange, government bonds and securities and gilt-edged securities. Banks lend money to manufacturers, merchants and traders who from time to time require bank loans in addition to their own capital to finance themselves.

A farmer may need a loan for the sowing season which he expects to repay out of his next harvest. A manufacturer may need a loan to buy raw materials to execute his contract to deliver a large quantity of goods; he expects to repay when the goods are manufactured and payment received on delivery. Banks lend money to finance trade and industry in a country. Lending by banks takes place in great part through the discount of bills. They also lend to governments.

We have already explained what a bill of exchange is and how it operates in a simple case.

In actual life, however, we would not find that there are only two simple and similar transactions between only two countries. The transactions are many, they are not similar and are between all the principal countries of the world.

The Indian importer of machinery from the U. S. A. pays for it to-day in the following manner.

He goes to an Indian bank with offices, agents, and credit abroad, and arranges with the assistance and guarantee of this bank a 'credit' of Rs. 30,000 or \$10,000 roughly in the U. S. A. for payment to the American exporter of machinery. Under the guarantee the Indian bank makes itself responsible for the payment of dues upto that amount.

The American exporter now draws a Bill of Exchange and takes it with the receipt of shipment of the machinery—*'the bill of lading'*—to a bank in America which buys it cash from him. The exporter thus receives payment immediately on shipment. The American bank then realises the value of the bill from the Indian bank which has guaranteed its credit. The Indian bank realises its credit from the Indian importer. *Thus it is through the banks that the bills of exchange are negotiated.*

Banks are, therefore, among the principal means of the development of internal and international credit.

Functions and value of banks

The two chief functions of banks are

- (a) *borrowing*
- and (b) *lending*.

Banks borrow when they take deposits and lend largely through discounting. They lend at a rate higher than that at which they have borrowed and thus they make their profits.

Besides these, banks have certain other functions: viz., (1) *note issue*, (2) *safe deposit* and (3) *acting as the fiscal agent of Government* by keeping the Government balances and managing the public debt.

Banks secure economy in the use of precious metals as money by the issue of notes, by developing the cheque habit and by lending deposits.

Banks also encourage savings by the security and interest they offer. These savings are placed in deposit with banks.

Banks provide capital for trade and industry by lending to business men the money they have on deposit.

Summary.

As barter was superseded by money, so money is going to be replaced to a considerable extent, in our age, by credit.

The *two elements* in credit (1) *time* and (2) *confidence* distinguish it from money.

The two principal *instruments of credit* are (1) *the cheque* and (2) *the bill of exchange*.

The cheque is used for internal payments and the bill of exchange for foreign payments.

The old banker was a money-changer but the modern banker is a dealer in credit.

The two chief functions of a modern bank are (1) borrowing through deposit and (2) lending through discount. Other functions are, (1) note issue, (2) safe deposit, and (3) acting as fiscal agent to Governments.

Questions.

1. Bring out clearly the distinction between 'credit' and 'money'.
2. Explain clearly what is a cheque. How does it differ from paper-money?
3. Clearly explain the operation of a Bill of Exchange.
4. What are the functions of modern banks?

CHAPTER XIII

INTERNATIONAL TRADE

(Nations to-day do not live alone. Trade and markets are no longer local or national.) How great and how intimate are these trade relations with other nations we would realise when we are told that Japan and Italy are India's best customers for her cotton, Britain for her tea and wheat, Germany for raw jute, the U. S. A. for jute manufactures, and North and South America for her pig iron.

{ As we sell practically to the whole world so we buy from all corners of the globe. Among other countries we buy cotton and woollen goods from Britain, wheat from Australia, sugar from Java and Cuba, glass, iron and steel from Belgium, machinery from Germany, toys from Japan, enamelware from Czecho-Slovakia, kerosene and petroleum from Russia, paper from Norway and motor cars from the U. S. A.

In view of our international trade relations it is very important for us to know the value and advantages of international trade.

The Advantages of International Trade

The advantages of international trade are the following :—

(I *It enables a country to enjoy goods which it cannot produce at all or can produce at a much greater cost than foreign countries. It is because of the trade between India and Germany that Germany is able to use jute even though she cannot grow it at home.*)

(And Germany gives us in exchange machinery which we need but cannot manufacture in India or if we can manufacture at all we can do so not as efficiently or as advantageously as Germany can do. It is in this act of exchange that we have the second important advantage of international trade.)

(2)(*It enables a country to apply its productive powers to the maximum advantage.* Each country produces those commodities in which it possesses the greatest comparative advantage and imports other articles from other countries. By means of such international division of labour production is maximised and all countries gain.)

(3)(*International trade promotes intercourse between nations and makes them inter-dependent.* Such inter-dependence should promote world peace.)

The Disadvantages of International Trade

As international trade has its advantages so it has its disadvantages. (International trade makes for international interdependence. Countries like Britain which depend largely for their existence upon the exchange of their products with others have to rely upon the *continued ability and willingness* of those other countries to buy.)

(If the foreign buyers cease to purchase there is no market for the home producers who must stop producing. The stoppage of mills and factories means unemployment and suffering to many.

Let us illustrate it from the present Indo-British trade relations. The political troubles in India have made the Indians somewhat less willing to buy British goods. Moreover the Indian people are much less able to buy

because of the economic distress in India and elsewhere. It takes place in the following manner:

Because of the distress in Germany, Germany can buy much less jute from India causing suffering and distress to the Indian jute producers. It is because the Indians get much less from Germany, or on account of their reduced incomes and purchasing power, they have less to spend in England on their purchases. Smaller Indian purchases have forced many English cotton mills and factories to close down and have thrown thousands of English workpeople out of employment.)

Protection and Free Trade

(A nation is supposed to pursue a policy of *free trade* when it does not impose restrictions upon international trade.)

(On the other hand, those nations follow a policy of *protection* which impose restrictions on foreign trade for the purpose of protecting home industries from foreign competition. These restrictions generally take the form of prohibitive duties on foreign imports. These duties are called protective duties and are collectively known as the protective tariff.)

The Arguments for protection

(1) *The home market should be reserved for home industries because foreign markets are distant and precarious.*

(2) *The reservation of the home market for home industries would create a demand for indigenous products which would provide for the employment of labour and capital within the country which might otherwise remain idle.*

(3) *Protection is also necessary when home industries have to face unfair competition from dumping of goods by foreigners at prices below cost.*

(4) *Protection is urged on the ground of making the state self-sufficient.* There are economic, political and military reasons for it.

~~✱~~ Protection is also demanded on the ground of a diversification of industries to secure an even and balanced development of the economic life of the people.

(6) *The strongest argument for protection is the infant industries argument.*

The infant industries of a country may require careful nursing. They may need protection from attack or competition by their more fully developed and powerful rivals in foreign countries which have had an earlier start. When they would grow up to their full stature they would no longer need protection. The aim should be '*nurse the baby, protect the child, free the adult.*'

Disadvantages of Protection

Among the disadvantages of protection are the dangers of political corruption and monopolies and the encouragement of inefficient production, a rise in prices and a loss to consumers.

Free Trade versus Protection

Free Trade promotes competition and checks monopoly and privilege. This competition leads to the production of more goods at a cheaper cost—the world is benefited thereby.

Protection benefits a particular class, the capitalist manufacturers, who make large profits under it.

Free Trade benefits all classes because as consumers they get things cheaper. It has therefore a special appeal to the poor working classes.

Protection is a clog in the wheel of international progress. *Free Trade promotes international co-operation and interdependence through international division of labour. It promotes world progress by making each nation contribute what it is best fitted for.*

Economic Nationalism and Protection

The unit of our social order is the nation—we are yet far off from the ideal of the world as our unit.

The big nations are at war with one another trying to secure economic and political ascendancy and power.

Also nations are not economically equal. There are nations which struggle to be free from the economic bondage of the imperialist powers.

This economic struggle compels nations to strengthen their defences and to acquire economic strength and equality. This economic nationalism is at the root of the almost universal movement to-day for protection.)

Summary.

Nations to-day do not live alone. International trade is growing more and more important in the life of nations.

The advantages of international trade are that (1) it enables a country to enjoy goods which it cannot produce at all or can produce only at a great cost, (2) it enables a country to utilise its productive powers to the maximum advantage and (3) it promotes international intercourse and harmony.

The disadvantages of international trade are that it makes the life and economic well-being of one nation depend upon the good-will and economic condition of another.

Free Trade means the absence of restrictions upon international trade while Protection consists in the imposition of restrictions upon international trade with a view to protecting home industries.

Arguments for Protection are that (1) the home market should be preserved for home industries, (2) protection causes greater employment of labour and capital at home, (3) the home industries should be protected from dumping by foreign exporters, (4) the state should be economically self-sufficient, (5) there should be a diversification of industries in the state, and (6) *the infant industries* of a country require careful nursing.

The disadvantages of Protection are that (1) it leads to political corruption and monopoly, (2) it stifles competition and causes a relative scarcity of goods, (3) it benefits particular classes and (4) it is a clog in the wheel of international progress.

Questions.

1. Indicate the advantages and disadvantages of international trade.
2. Briefly argue the case for and against Protection laying stress on (a) the infant industries argument and (b) the diversification of industries argument.

CHAPTER XIV

DISTRIBUTION

What is distribution

(The study of distribution is primarily a study of the remuneration of the factors of production.

Distribution is the process whereby the income of a group (a particular industry or a particular society) is shared among the factors of production in that group, *viz.*, land, labour, capital and organisation which have jointly produced that income)

Distribution involves three distinct questions:—

- (1) *What exactly is there to distribute?*
- (2) *What are the shares and who are entitled to share?*
- (3) *How are the shares determined?*

What is there to distribute

(A business leader or organiser undertakes production of matches. He takes land on lease from the landlord, erects machinery in the factory premises with capital he has borrowed from the capitalist and employs labour, ordinary and skilled, in the manufacture of matches.

He also purchases raw-materials (splints, veneer etc.) and fuel (coal, etc.) for running his factory.)

(At the end of the year, he finds that he has produced 80,000 gross match-boxes which he has sold for a total value of Rs. 80,000. This is *the gross product*.)

(But the year's use is responsible for some inevitable damage and depreciation of machinery, buildings, etc., for which repairs and replacements are necessary. Also,

the fuel and the raw-materials have to be purchased and for all this a sum of money or a fund has to be set apart.

This sum is known as the *Replacement Fund*.)

Let us assume that the replacement fund necessary in the match factory is Rs. 30,000.)

(The *net earnings* or the *net product* of an industry can be known by deducting the amount necessary for the replacement of capital from the value of the gross product.

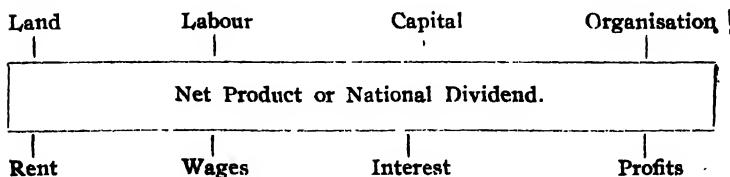
GROSS PRODUCT—REPLACEMENT FUND=NET PRODUCT
(Rs. 80,000) (Rs. 30,000) (Rs. 50,000)

We have here a net product of Rs. 50,000. *This net product is available for distribution.* It is, however, a joint income because it is the result of the joint efforts of all those who have taken part in the production of matches—the *organiser, the landlord, the capitalist and the labourer*.)

The National Dividend

(The net product of the services of land, labour, capital and organisation of a country in a given period of time is known as its National Dividend.*

The National Dividend is at once (a) the aggregate net product of and (b) the sole source of distribution within the country.)



* 'In production we study the creation of the social income; in distribution we study its division. In the one case we regard it as the national output, in the other as the national dividend.'
—Seligman.

What are the shares and who are the shareholders*

(The factors of production are Land, Labour, Capital and Organisation and the shares of these factors are known as Rent, Wages, Interest, and Profits respectively.)

(The landlord who supplies land, the labourer who gives his labour, the capitalist who lends his capital and the entrepreneur who furnishes the organising ability are each entitled to a share, by way of reward, since each of them has rendered a service.)

The individual in relation to the group

In economic text-books of the orthodox type, the share of each factor is studied as a whole. The individual is neglected in such a study. We study *functional* distribution not *personal distribution*. We study the income of the group, not the income of the individual, *e.g.*, we study the share which goes to labour in general, not that which goes to the individual labourer.

We should not, however, forget the individual in the distribution of wealth.

How the shares are determined

(It is because each of the factors renders a particular service in production each is entitled to a share in distribution.)

* The shares in distribution differ according to the character of production and the structure of economic life.

In a slave-state, there are no wages because slave labour is not paid for.

In a socialist or proletarian state, on the other hand, there is no private landlord, no private capitalist and no private entrepreneur and therefore no rent, no interest and no profits for

What surprises us is the extraordinary variety of these services and of their rewards. (Many are doing work which is tiresome, unpleasant and often dangerous, many again do work which requires a very great deal of skill, yet they receive only a very small remuneration (low wages or low salaries) for their real pains and hardships.

On the other hand, men who appear to do the most pleasant work receive at the same time the highest incomes, e.g., the landlord and the capitalist (rent and interest).)

Generally speaking, all the shares, excepting the share (profit) which goes to organisation, are determined by the inter-play of the forces of demand and supply. The share which goes to each factor is the price paid for its services in production.) Thus the share which goes to labour is the price paid for the services of labour. (Since services like commodities have a market-price, this price is determined by the interaction of the forces of demand and supply. The price depends on the amount offered in relation to the amount demanded.) In general, wages are high when labourers are scarce and wages are low when labourers are plentiful. Interest is high when capital is scarce, interest is low when capital is plentiful.

Summary.

Distribution means the sharing of the joint-income of a productive group among the factors of production in that group.

The net product is available for distribution.

them who are known as the capitalist class. Land and capital in such a state are owned by the community, the state also furnishing the necessary enterprise. In such a state the only earnings are the wages of labour.

The *shares* are known as *rent, wages, interest and profits* and are *distributed to the landlord, the labourer, the capitalist and the entrepreneur respectively*.

Each of them renders a service in production which is rewarded by a share in distribution. The share is a sort of price paid for service rendered.

The share or the price is determined by the general forces of demand and supply.

Questions.

1. What do you understand by 'Distribution'? Briefly explain what is distributed.
2. What are the chief principles determining the remuneration of the factors of production? (C. U. 1933).

CHAPTER XV

RENT

Definition

(Rent is the price paid for the use of land or other natural agents.)

(Rent, in the popular sense, is the payment for the use and occupation of business premises or dwelling houses. Rent, in this sense, includes *rent proper* (the amount paid for the use of land, a gift of nature) plus payment of interest for the capital invested in the building which stands on the land.)

This popular confusion arises from the fact that the payment is often a single payment made to a person who owns both the land and the capital.

How rent arises

We can easily picture a community in which land is so abundant as to be counted a free good as air and water.

But very soon (the most favoured spots will be appropriated by the pioneers either for their *superior fertility* or for their *superior situation*. The growing needs of the community would compel the late-comers to resort to land of inferior quality. In this way inferior land comes to be cultivated.)

At any given time, (we find some lands do not repay cultivation. Some again will just repay the expenses of cultivation—nothing more. This land Ricardo called *land on the margin of cultivation or the no-rent land*.)

(Some other plots, again, are so fertile that the value

of the produce raised is more than the expenses of production (*farmer's remuneration and costs of cultivation and marketing*). There remains a *surplus* above the expenses. *This surplus constitutes rent.*

But land of this quality is relatively scarce.)

(*Rent arises because of this scarcity of good land.*

All desire to possess this land, but few have it.

Those few who possess this class of land enjoy this surplus.

Competition among farmers to take the best land enables land-owners to earn the surplus value or the rent of their lands.

The enjoyment of this surplus may be *direct* when the owner cultivates land on his own account, it may as well be *indirect* when he lets out the use of the land to some one who pays some money as compensation (rent) for the surplus he takes.

The foundation of rent is the law of diminishing returns. Were it not for diminishing returns from land, every farmer would have saved his rent by giving up all but a small plot of land on which he would have concentrated all his labour, capital and enterprise.) In fact, but for it a man like Henry Ford might have made an attempt to raise the whole produce of his country from one single plot.

(*To sum up,*

(1) Rent arises from a scarcity of good land and the foundation of rent is the law of diminishing returns.

(2) It is paid because some productive use is made of land.

- (3) It is a surplus above the expenses of production.
- (4) It is a share in distribution.
- (5) This share is a reward for the services of the landlord.)

The Ricardian Theory of Rent

('Rent is that portion of the produce of the earth which is paid to the landlord for the use of *the original and indestructible powers of the soil.*')

The Ricardian theory examined

(Land in most countries is not in its original and natural state. It has been altered and improved by the investment of capital. Rent, at present, is, therefore, due as much to the original properties of the soil as to subsequent improvements made by man.)

(The properties of the soil are not *indestructible*. On the contrary, the evidence is that with continual cultivation there is a very definite and steady loss or deterioration of the soil properties.

Ricardo's definition restricted rent only to *agricultural* land. But there can be rents in respect of *urban sites, mines and fisheries.*) The same forces (demand and supply) which determine the rent of agricultural land determine, in the main, the rent of other natural agents.

Economic Rent*

(*Economic rent is the producer's surplus.* It is the surplus which remains to him after he has paid all expenses of production.

* In India, the rent or land revenue very often exceeds the economic rent of land.

How economic rent is determined

(Economic Rent = Gross value of the produce *minus* expenses of production (expenses of cultivation, marketing expenses, farmer's remuneration).

Economic rent cannot be determined before the crops are raised, marketed and sold.)

Contract Rent

(In practice, land is usually let out for a rent which is determined beforehand by a contract between the landlord and the tenant. *Rent which is thus fixed by a contract is called contract rent.*)

How contract rent is determined

(This contract rent is settled by the general forces of demand and supply.

Both the landlord and the tenant have in mind the surplus that can be got from the land. One may think that surplus to be big and sufficiently attractive, the other may not think so.

If the demand for the use of land be great in proportion to the supply of land, rents would be high—if the demand is small relatively to the supply, rent would be low. Thus rent or the price for the use of land is fixed by the interaction of the forces of demand and supply.)

Rent in India is mostly determined by *contract* regulated by

(a) *custom*, which has got great force in India,

(b) *legislation*, as in Bengal where the rent is determined mainly in accordance with the provisions of the Bengal Tenancy Act,

(c) *competition*, as in the canal colonies in the Punjab.

To a large extent, custom is the foundation of Indian rents.

Urban Site Rent

(Agricultural land is desired both for its fertility and for its situation.

Urban land is, however, desired only for its situation both for residential purposes and business sites. Beauty, healthfulness, convenience, fashion and traffic—each of these determines the value of the site.)

(The more desirable sites, because of their superior advantages, are in great demand but as these sites are necessarily limited in number, they fetch high rents (e.g., business sites near railway stations, residential sites near the fashionable parks of your town).

“Unearned” Increment

(The question of unearned increment arises specially in the case of urban sites.

Urban site rent, like agricultural rent, is determined by the interplay of the forces of demand and supply.

During the last hundred years, population in all civilised countries has increased and has crowded more and more into the towns and cities.

The ancestor of our present landlord in town might have bought 100 bighas of land for Rs. 200/- a century ago, on which the return at the current rate of interest should have been Rs. 12/- per year.

The rent of this land measuring 100 bighas in a city which has sprung into prominence in these hundred years may well have increased from Rs. 12/- to Rs. 3 lakhs a year and the value of the property correspondingly increased from Rs. 200 to Rs. 50 lakhs.

The increase in the value or income of land due almost entirely to social progress and to the growth of population is known as 'unearned' increment because it has not been earned. The landlord has not generally done anything for the improvement of land. He has not 'earned' the increment of the land value.) Should the city landlord be allowed by society to retain this entire 'unearned' income? This is a grave moral and economic issue today.

Summary.

Rent is the price paid for the use of land or other natural agents.

Economic rent is the producer's surplus from land but as it is difficult to ascertain this surplus, rent is more often fixed by previous agreement or contract between the landlord and the tenant.

Rent which is so fixed is contract rent. The contract rent is determined by the general forces of demand and supply.

Agricultural rents are paid because of (1) *the fertility* and (2) *the situation* of land.

Urban site rents are paid because of their *situation*.

In urban site rents, there is very often a huge 'unearned income'.

Questions.

1. Define 'economic rent' of Land. What factors enter into the determination of rent in India? (C. U. 1930).
2. What is contract rent? How is it determined?

CHAPTER XVI

WAGES

Wages

(Wages are the price paid for the services of labour.

The remuneration of every sort of labour may be called wages.

These services are rendered by workers who have been classified into (1) *soft-handed* and (2) *hard-handed* according as they work, more or less, with their brains or with their hands.) *

(These workers, intellectual as well as manual, fall into five classes ;

- | | | |
|---------------------------|---|---|
| SOFT
HANDED
WORKERS | { | (i) the higher classes of society, e.g., professions such as those of <i>doctors, lawyers, engineers, managers, etc.,</i> |
| | { | (ii) the lower middle classes consisting of <i>clerks, school-teachers, etc.,</i> |
| HARD
HANDED
WORKERS | { | (i) skilled workmen such as <i>fitters and mechanics,</i> |
| | { | (ii) factory and machine workers, |
| | { | (iii) common day-labourers, e.g., <i>the diggers and delvers.</i>) |

Salaries

The line (between wages and salaries) is difficult to draw. (The distinction) is mostly based on the length of the period for which the payment is made.)

(When wages are paid by the month or by the year such personal incomes are known as salaries. The higher paid and the higher grade workers generally receive salaries.)

(The rest receive wages paid *usually* either by the day or by the week.)

Real and Nominal Wages

Nominal or Money Wages

(Nominal or money wages may be defined as the amount of money given in exchange for the services of labour.)

Real Wages

(Real wages, however, signify the amount of food, clothing, shelter and enjoyment received on account of such services. Real wages thus depend on what money can buy or on the general level of prices. Low prices increase real wages as high prices reduce them.)

(Real wages include the advantages which are attached to the occupation, e.g., free quarters, free clothing, agreeableness of work. Two persons having the same nominal wages may have very unequal real wages.

“The labourer is rich or poor, is well or ill rewarded in proportion to the real, not the nominal wages of his labour.” (Adam Smith.)

Differences in wages

(The differences in wages in different employments or occupations are due, according to Adam Smith, to

- (1) the agreeableness or disagreeableness of the employment,
e.g., the butcher gets more than the baker because the butcher's work is disagreeable;

- (2) the ease or difficulty of learning it as also the expense of training, *e.g.*, the skilled workman gets more than the unskilled because the skill is acquired with difficulty and at some expense;
- (3) the regularity (constancy) or irregularity of employment, *e.g.*, the teacher gets less than the insurance agent because he has a more regular employment;
- (4) certainty or uncertainty of success, *e.g.*, goldsmiths and doctors generally have high incomes. The lawyers' extraordinarily high incomes are in the nature of lottery prizes which many lose, few win (Adam Smith).

Differences in wages are sometimes due also to

- (1) the existence of the chances of making supplementary earnings;
- (2) incidental advantages, *e.g.*, free quarters, free uniforms, free board;
- (3) colour prejudice, *e.g.*, a white man would get more than a coloured man for the same work;
- (4) other advantages, *e.g.*, *quiet or respectable occupations* like those of a teacher or of a clergyman sometimes attract better men on *comparatively* low incomes.

The individual differences in wages that we notice in the same occupation or employment are due mostly to the differences in skill, ability, and experience. The more efficient bricklayer or the more skilful surgeon earns, as a rule, more than the less efficient or the less skilled.)

How wages are determined

(“Labour, like all things which are purchased and sold, and which may be increased or diminished in quantity, has its natural and its market price.”) (Ricardo).

From the above it becomes clear that wages are determined in a market by the general law of price, *i.e.*, *the interaction of the forces of demand and supply.*

(Wages depend on two things:

- (a) the number of wage-earners (*the supply of labour*) and
- (b) the demand for their labour.)

(If labourers were many relatively to the demand, wages would be low.

If labourers were few and in great demand, wages would be high.)

Analysis of the factors of demand and supply in wages

Demand for labour.—The demand for labour depends on the productivity or usefulness of labour.)

The employer has (a) a *maximum demand price* equal to the full value of labour but (b) he tries to give as much less as he can to retain the surplus for himself.

This leads to 'labour unrest'—the employer trying to exploit the labourer and the labourers trying to get wages raised to the full value of their labour.)

Supply of labour.—The supply of labour is fixed by the standard of life of the labourers. Low wages are accepted because of a low standard of life. In extreme cases it might be the barest minimum for existence—the 'subsistence level.'

In progressive countries where labour is organised the 'Trade Union (or the union of workers) fixes this standard of life or minimum supply price below which there would be no supply.) The standard of life is not a fixed one and the constant aim is to raise it.

Thus the employee has (i) a *minimum supply price*, that which is necessary to maintain his standard of life but (ii) he endeavours to get as much more than this as he can secure.)

The Wage Contract

(The wage contract is the result of a collection bargaining between the employers and the employed and will be determined by the relative bargaining strength of the two parties, within the two limits imposed, (1) on the side of demand, by the value of the labourer's contribution to the product (the upper limit) and (2) on the side of supply, by the standard of life or the subsistence level of the labourer (the lower limit).

Wages thus depend on (1) the productivity and (2) the standard of life of labour involved.)

Summary.

The price paid for the services of labour in production is known as wages.

The amount of *money* that can be had in exchange for labour is known as *money wages*.

The amount of *food, clothing and other advantages* which a man can have in exchange for his work is known as his *real wages*.

Wages are determined by the interaction of the forces of demand and supply.

The greatest fault of our system lies in its glaring inequality.

Questions.

1. Define wages. How are wages determined? Distinguish between 'nominal' and 'real' wages.

CHAPTER XVII

THE LABOUR PROBLEM

(The wage contract to-day is determined by the relative bargaining strength of the labourers and the employers.)

(The employers are a powerful group, strengthened as they are by wealth, education and organisation.) The labourers, pitted against them, are weak since they are poor, ignorant and ill-organised.

And in a tug of war between the two crews, one strong and the other weak, it is the strong who win.

The result has been that (wages and conditions of work have been fixed to the considerable disadvantage of labourers, the weaker party to the bargain.)

(The low wages paid have led to great social and political discontent—to 'labour unrest,' as it is called, all the world over.

The humanitarian spirit of the age has led many people to the quest of a solution.

(The State is introducing several measures for the protection of the interests of the labourers who form the bulk of the community. These measures mainly relate to the regulation of hours and conditions of work.) the payment of 'fair' wages, and in extreme cases, a fairer distribution of wealth.

(This work of the state is being nobly supplemented, in some cases, by enlightened employers of the type of Henry Ford in welfare schemes for the workmen.)

But the best help is always self-help. The greatest improvements in the condition of workers have almost invariably been secured by the energy and the initiative of their own organisations.

The chief of these is the *Trade Union*.

¶ The Trade Union

{A trade union is "a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment." (Sidney and Beatrice Webb).

The trade union is the organisation of the wage-earners to put the labourers on an equality with the employers as regards bargaining strength.

The Trade Union Secretary does the bargaining and he does it better than the individual worker because

(1) he is an expert,

(2) he is the representative of the Union which is much stronger than the individual.

The Trade Union found the workers oppressed and debased. It rescued them from the tyranny of the employer and gave them the much needed self-respect. }

Aims of Trade Unions

{The aims are—

(1) to secure standard rates of wages (higher wages where wages are below the standard),

(2) to secure standard conditions of work (e.g., better

housing, better factory conditions where these are not up to the standard),

(3) collective bargaining through expert agency.)

Trade Union Activities and Methods

(Trade union activities for securing these ends are divided into—

(1) *Friendly work or fraternal activities of trade unions*: The Union helps in securing benefits such as pension and compensation from the state or from the employers in cases of *old age, illness and accidents*. It also helps to secure facilities of education, recreation, etc., for the workers.)

(2) *The militant activities of trade unions*: Strikes or stoppages of work are declared only in the last resort and maintained by the Unions to compel the employers to concede to the men's demands.)

The right to strike is the most effective counter-weapon in the hands of the workmen against the right of dismissal in the hands of the employers.

(The losses to the strikers have been much exaggerated. The permanent gains from a successful strike outweigh the losses and failures. Strikes now-a-days are more disciplined and not attended with the violence and bloodshed of old.) Strikes, unless for obviously unfair demands, have to-day generally the sympathy of an enlightened public opinion which is a powerful aid to the labour cause.

(3) Political work: (Trade Unions also organise the labourers into a political party for the purpose of taking over the government in their own hands. The Labour

or the Socialist Government) they believe, would remove many hardships they endure to-day.

The Trade Union and Wages

We have seen already that the supply of labour is largely controlled in the long run by the standard of life. (One of the most important functions of the Trade Union is to fix the standard of life and to raise it.)

Where, as in India, the workers are not organised they bid one against another bringing down the wages and their standard of life. The trade union would stop this. It would prescribe the minimum wages less than which no worker would accept since the trade union discipline and organisation would compel all members to offer the same terms. Thus the workers get increased strength and power and have their minimum wages guaranteed.

In a progressive or flourishing industry there is often a surplus value of labour which goes to profit the employer—a surplus or margin measured by the difference between what the labourer yields or produces and what he gets as wages. By skilful bargaining, but not commonly without a fight, it is possible for the trade union to secure for the workers this surplus previously going to their employers. A powerful trade union can dictate its terms to the employers to such an extent that wages trench on profits and employers have to be satisfied with minimum profits. *Mere fighting and bargaining, therefore, are able to secure a considerable rise in wages because the present scales of wages in most countries are much below what the employers, unless they are too greedy and selfish, can afford to give.)*

But in the long run a trade union can raise wages only by raising the efficiency of the workers. The more efficient the work, the greater is the net output or net product from which more and more can be paid out as wages. The best trade unions have often done this—they have set up standards of diligence, regularity and good workmanship, all of which tend towards a rise in the efficiency of labour.

Agencies for Industrial Peace

(To check the growing hostility between the employers and the employed, certain measures have been adopted for the promotion of industrial peace and for the reduction of the causes of strife.)

(Amongst these are profit-sharing, welfare-schemes, arbitration, labour legislation and co-operation.)

Labour Legislation

(The state has taken action where the conditions of work have been so bad that public opinion felt that it must interfere.)

The trade unions have done much in ventilating the grievances of the workers and have enlightened public opinion on the subject.

Public opinion which has become increasingly powerful and responsible has compelled the state to enact, in the interests of public health and morals, laws against over-work, against child labour, against night work and under-ground work for women, against working with unprotected machinery or in unnecessarily dangerous surroundings, and for wage-benefits to expectant mothers

and compensation to workers who die or are disabled in the course of their employment.)

Co-operation

(The old system of industrial production may be likened to industrial despotism with industrial kings at the head ruling with an iron hand, *e.g.*, the 'coal' king, the 'steel' king. The new experiment of co-operation, opposed as it is to the old, provides for industrial democracy.)

“Industrial democracy means self-rule, self-control, self-direction, by the workmen in their efforts to gain a livelihood. This is achieved in pure co-operation.”
(Ely & Wicker).

(The workmen pool their small savings into a big fund of capital, purchase their own machinery and 'manage their own industrial affairs, in their own way, at their own risk, sharing profit or loss as the case may be.)

(This is CO-OPERATION IN PRODUCTION.)

(There may also be CO-OPERATION IN DISTRIBUTION or IN CONSUMPTION.)

(The consumers combine in purchasing their needs and save for themselves the profits which would otherwise have gone to the middlemen.

A company is started with a capital contributed by the members, a manager is employed by them on a salary and a room is rented for the purpose. Then the co-operative business is started. The profits accrue to the consumer-members of the co-operative society.)

Advantages of Co-operation

The advantages of Co-operation are that

- (1) it prevents conflicts,
- (2) it stimulates energy,
- (3) it encourages thrift and economy,
- (4) it saves much labour of superintendence,
- (5) it has a great moral and educative influence.

Summary.

The present labour problem is due mainly to the low wages and bad conditions of labour.

The solution lies in the hands of (1) *the State*, which can promote labour interests by *legislation* and *ministration*; (2) *the employers* who, like Henry Ford, can promote the welfare of their employees and (3) *the labourers themselves*.

The labourers' remedies lie in : (a) *The Trade Union*, which is a *continuous association of wage-earners* for the purpose of maintaining or improving the conditions of their employment;

(b) *Labour legislation*—State laws against overwork, against employment of women and children, against working dangerous and unprotected machinery, for wage-benefits to expectant mothers and compensation to workers in case of accidents; and

(c) *Co-operation*, which would enable workers to produce their own goods for their own consumption by the elimination of the capitalist employer, and the middleman.

Trade Unions can increase wages by (a) raising the standard of living of workers, (b) strengthening this bargaining power and (c) increasing their efficiency.

Questions.

1. Explain Co-operation. What advantages accrue from it?
2. What is a Trade Union? What are the effects of Trade Unions on wages? (C. U. 1933).
3. Discuss the aims and methods of Trade Unions.

CHAPTER XVIII

INTEREST

What is interest?

(Interest is the price paid for the use of capital. It is the reward of the service of capital in production.)

Why is interest paid?

(Interest is paid because a loan confers a service. This service of capital in production is rewarded by a share in distribution.

Interest was condemned by all early writers and in all ancient communities because loans were taken for consumption purposes (food and clothing) by the most needy and distressed people in society.) Interest bore heavily upon them with their very scanty incomes and was, therefore, condemned.

(In our times, most loans are for productive purposes. The producer, who borrows capital at 8 p. c., profitably utilises it to-day. He makes 20 p.c. gains with it.)

(If interest were not paid, there would be, in many cases, little inducement to save. And without savings there would be no continuous supply of capital so essentially needed in modern production.)

/How the rate of interest is determined

(The *market rate of interest* or the market price of capital (*market value of the use of capital*) is determined by the interplay of the forces of demand and supply.)

(When there is a strong demand as against a limited supply, the rate would be high and it would be low when there would be a large supply relatively to a weak demand.)

Analysis of the Factors of the Demand for and the Supply of Capital

Speaking generally, the demand for capital depends upon its productivity, *i.e.*, upon the value of what it will produce.

Thus the demand for capital depends upon (a) the advantage to be derived from its use, (b) the price or interest charged for such use.

The supply of capital, in general, depends upon its cost of production, *i.e.*, upon the sacrifice involved in "the abstinence of the marginal saver." This 'cost' or 'abstinence' is in the postponement of immediate enjoyment of one's wealth to enable some one else to use it meanwhile.

(Thus the supply of capital depends generally on the inducement to save, that is, by (a) the rate of interest and (b) the security offered.

Summary.

Interest is the price paid for the use of capital.

The market rate of interest is determined by the interplay of the forces of demand for and supply of capital.

Question.

1. What do you mean by Interest? Why is it paid and how is it determined?

CHAPTER IX

PROFITS

What is profit?

(Profit is the price paid for (or the reward of) the services of the entrepreneur in production. The peculiarity as regards profits is that the reward or the price cannot be determined beforehand. Profit is a surplus above cost.) It is the residue left to the entrepreneur after rent, wages and interest have been paid.

(The older English economists make no distinction between interest and profit. The two are studied by them together because they represent earnings of the capitalist.

Formerly the employer was generally his own capitalist and the income of the capitalist employer was regarded as his profit. This profit included (1) *interest* on his capital and (2) the *remuneration of his enterprise*. With the increasing division of labour in production the capitalists are in our own days a class separate from the entrepreneurs.

The entrepreneur to-day is *the pivot of industry* on which turn all other factors. When the entrepreneur has distributed the contract wages, the contract rent and the contract interest, whatever remains constitutes his profits. Profit is thus the residual share. It is the remuneration of the organiser for his service of business-management and risk-taking.) The services of the entrepreneur have

no definite market value as services of land, labour and capital have.

We find quite commonly that one man in an industry is earning more than another in the same industry. This is because the first man is more efficient and more capable than the other. The more capable the entrepreneur the better manager and risk-taker he would be. He would make clever bargains with the capitalists, the labourers, and the landlords. He would choose the best lines. He would buy cheapest and sell dearest. Each man would try to do it but the cleverest man would do it most successfully and he who is the cleverest of all would make the highest profits. The entrepreneur must, therefore, be a man with a great knowledge of men and markets, a man of keen foresight and of superior calculations.) He must be able to control labour and to deal successfully with men in general.

(Profits are unstable and are never fixed. There is a constant improvement in the methods of production and the man who is unable to take advantage of these improvements would soon be defeated by the man who is more alert and up-to-date.) The latter would be able to sell cheaper than the former and would annihilate the former's profits.

(Profit in modern times has been the great lure to energy in all directions as competition has been the great destroyer of profits.) Where there is a great display of energy by the rival producers it results in the offer of cheaper commodities to the public and profits can be secured only after very hard struggle and competition. Profits under such circumstances are symptoms of progress.

Characteristics of Profits.

- (1) Profits are a residual income.)
- (2) Profits are greatly irregular and unstable. The entrepreneur may have fifty thousand rupees as profits in the year 1928. In 1934 he may have no profits because his market has been captured by a rival producer, or because prices have fallen or because wages, interest and rent have risen. This instability is not to be found in the incomes of other groups. (Rent, interest and wages are more or less stable and fixed by contract.)
- (3) In profits there is a large element of personal rent than in the case of any other agent of production. If a particular entrepreneur is more capable than others, he will earn much larger profit than others will. Rent, wages, and interest are, however, more broadly determined and there are no sharp differences of income within the groups.
- (4) Profits are the result of fluctuations in prices. If prices rise profits will increase enormously. If prices fall profits will decrease or even disappear altogether. Rent, interest and wages are not so directly affected by fluctuations in prices.

Summary.

Profits constitute the reward for the services of the entrepreneur in production.

Rent, Interest and Wages are all determined by contract, profit cannot be so determined. It is a residual income—very uncertain in character.

Questions.

1. Define 'Profit'. What are its characteristics? How far does it depend upon the abilities of the entrepreneur?
2. 'Profits are unstable and never fixed'. Explain why?

CHAPTER XX

CONSUMPTION

Wants and their satisfaction

The study of consumption is the study of human wants and their satisfaction. Consumption is, in a sense, both the starting-point and the goal of the economic process. It is the starting-point because the desire to consume furnishes the motives for all economic activities. It is the final goal because when men have made efforts and have produced wealth that wealth has no other purpose than the satisfaction of human wants.)

Early neglect of the subject

(This subject had been long neglected because of the early difficulties of studying demand in a scientific manner) and also because of the failure of our early economists to find out the true relation of economic wealth to human welfare through consumption and distribution.

Importance now recognised

(The progress of our science has given us more exact habits of thought and expression and with them a new power to study human wants.) The humanitarian spirit of the age also has given us a new motive for this inquiry into wealth in relation to human welfare.

(The study of consumption to-day occupies, as it ought to occupy, the central place in Economics because men

produce wealth, exchange and distribute it all for the satisfaction of human wants.)

Consumption defined and explained

(*Consumption is the direct satisfaction of human wants by the use of wealth.*

As man cannot produce matter, likewise man cannot consume matter. He only consumes *utilities*.

For instance, when we speak of a man as *consuming* two shirts and a coat every year, it is not meant that nothing is left of the shirts and the coat he puts on. We only mean that the use or the *utility* of these goods is destroyed or *consumed* by wearing during the year.)

Production and consumption

(Consumption and production are correlated.

The desire to consume (or the desire to satisfy our wants) furnishes us with the motive to produce goods. Man must produce if he aims at the satisfaction of his wants. *Man produces to consume.*

Again, it is equally true that *man consumes to produce*. In these days, an army of workers have to be fed, clothed, and housed in order that they may produce utilities, that is, they must first consume so that they may produce.)

Characteristics of human wants

We have noticed before that (at the root of man's economic activity lie his wants. He produces only because he has to satisfy his wants.) Now, we should know something of the nature of human wants.

(Human wants are not the same in all countries nor have they been the same in all times. They change and

vary as physical, moral, social, political and economic conditions and institutions change and vary)

The modern Hindu has wants which differ from the wants of his forefathers. Again, the wants of an Indian are different from the wants of a European.

(The wants of men in general, however, have some *general characteristics* which are of great importance ; and important laws are based on these characteristics.)

(1) *Human wants are unlimited in number.* (As soon as a particular want of a man is satisfied, he finds that he has other wants.

The first man Adam had very few wants.

But the sons and daughters of Adam like to have delicious food, beautiful clothing, fine houses, automobiles, theatres, cinemas, and what not. *In fact, the capacity of a modern community to enjoy has practically no limit. The more men have, the more they desire.*)

(2) *The satiability of any particular want.* (Though the wants of men are unlimited in number and *though they cannot all be satisfied, yet any particular want is satiable, i.e., capable of being satisfied.*

It is because every particular want is limited in capacity, a fixed quantity of the object wanted is enough to satisfy the want. The thirsty man wants water to quench his thirst. His want would become less intense after he has drunk the first glass of water, and his want becomes less and less intense with each additional glass, till he reaches the point of satiety. From this we have deduced the Law of Diminishing Utility.)

(3) *Wants compete with one another.* (The student who has got a rupee thinks of spending it in various

ways. He might think of going to the cinema or he might think of going to the lake or he might think of buying a book. He is thus faced with several wants which are competing with one another to be first satisfied by him. From this we come to the Law of Substitution or of Equi-marginal Utility.

(4) Wants are complementary. (There are some wants which go together and which are to be satisfied together, e.g., the wants concerning pen and ink, paper and pencil, horse and carriage, motor car and petrol.)

The Law of Diminishing Utility

(Prof. Marshall states the law thus: "The additional benefit which a person derives from a given increase of his stock of anything diminishes with the growth of the stock that he already has.")

The law follows from the second characteristic of human wants—the satiability of any particular want. Human wants are quite numerous and are, considered as a whole, never satisfied. But if any particular want is singled out, it can be satisfied.)

An illustration

(A foot-ball player, after a strenuous game, feels very thirsty and wants a drink. The first glass of lemonade satisfies a very real and urgent desire. The utility (satisfaction) he derives from this first glass may be supposed to be 100 units.

The club-vendor offers him a second glass—he takes it but not with the same relish and satisfaction with which he took the first glass. Let us suppose that the utility (or satisfaction) has diminished to 75.

When he is asked to take a third glass, he is not much inclined to take it. The satisfaction which this third glass would bring him is measured by 50.

When he gets a fourth glass, he feels much less satisfaction than he got from his third glass;—let the satisfaction of this glass be measured by 25.

When he is offered a fifth glass he feels he is 'full'—he has taken as much as he could—the satisfaction is *nil*. The marginal utility is zero. This is the point of satiety. Any further attempt to pour lemonade down his throat after he is full would be a torture to him—making him feel discomfort and would instead of bringing utility or satisfaction bring disutility or dissatisfaction or negative utility.

The illustration is given in a table below :

Total no. of glasses of lemonade		Utility of first glass		Marginal utility	Total utility
(a) 1 glass		100		100	100
		Utility of second glass			
(b) 2 glasses	100 +	75		75	175
		Utility of third glass			
(c) 3 glasses	100 + 75 +	50		50	225
		Utility of fourth glass			
(d) 4 glasses	100 + 75 + 50 +	25		25	250

Marginal utility and total utility

From the law of Diminishing Utility we come to the conception of *total utility* and *marginal utility*.

Marginal utility

(A person in purchasing a commodity comes to a point where he is on the margin of doubt whether it is worth his while to purchase more of that commodity—whether at that price and in those conditions he should or should not buy. That part of the commodity which lies on the margin of doubt or hesitation and which he is just induced to buy is known as his marginal purchase.

*The utility or satisfaction derived from this marginal (which is, in fact, the last) purchase is marginal utility.**

In the illustration given above,

- (a) when the man takes 1 glass of lemonade—his marginal purchase is the first glass,
- (b) when the man takes 2 glasses of lemonade—his marginal purchase is the second glass,
- (c) when the man takes 3 glasses of lemonade—his marginal purchase is the third glass.

The marginal utility, measured in units, in the first purchase—1st glass=100.

The marginal utility in the second purchase—2nd glass=75.

The marginal utility in the third purchase—3rd glass=50.

The marginal utility of any commodity to its owner thus diminishes with every increase in the stock of it.

The marginal utility may come down to zero or there may be negative utility or disutility. }

Total utility

Total utility of a commodity is the sum total of the utilities derived from all the units of the commodity, *i.e.*, the total satisfaction enjoyed from the whole stock.

Total utility in the case of (a)—100.

Total utility in the case of (b)—100 + 75 = 175.

Total utility in the case of (c)—100 + 75 + 50 = 225.

The Law of substitution (or of equi-marginal utility) :—

If a man has something which can be put to different uses he will be inclined to distribute the thing among these different uses in a manner which will give him the maximum possible satisfaction out of these uses.

* Or, if instead of buying it, he makes the thing himself, then its marginal utility is the utility of that part which he thinks it only just worth his while to make.

In other words, the uses will be distributed in a way which will bring the same marginal utility from each of these different uses.

A man has got ten rupees. He is in need of shoes and of clothes. He can buy two pairs of shoes for ten rupees. He can also buy three pairs of cloth with ten rupees.

* If he buys two pairs of shoes he will not get the maximum satisfaction out of his purchase because he will still be in want of clothes and his additional pair of shoes does not give him the same marginal utility as the first pair.

On the other hand, if he buys three pairs of cloth and no shoes he would not derive the best possible satisfaction out of his purchase. He would still be suffering from want of shoes and the purchases of the second and third pair of cloth do not give him the same satisfaction as the purchase of the first pair. The marginal utility in the last two purchases has diminished.

A sensible man would spend ten rupees on the purchase of a pair of shoes and three pieces of cloth. He would thus be satisfying his want of a pair of shoes and also his want of clothes and by the judicious distribution of his money among the several uses he gets the same marginal utility in each of these uses. He gets the maximum satisfaction out of his money. Similarly, a good housewife, who has got a quantity of wool, will try to get the maximum satisfaction out of her wool by distributing it in the making of vests, socks, mufflers, etc.

Classification of Wants

From the standpoint of consumption we are to distinguish between (1) *Necessaries*; (2) *Comforts*; and (3) *Luxuries*.

1. Necessaries

(i) Necessaries for existence—food, drink, clothing, etc., that are absolutely necessary to maintain life.

(ii) Necessaries for efficiency—good housing, good clothing, substantial food, etc., which greatly increase productive efficiency.

(iii) Conventional necessities—things like tobacco, snuff, etc., the use of which has become necessary through habit or convention. To procure them people sometimes forego certain things that are really necessary for productive efficiency.

2. Comforts

(Comforts are things which add to the efficiency of a labourer, but the value of this addition is less than what it costs.)

3. Luxuries

(Luxury has been defined as the consumption of a commodity that is not necessary. Prof. Gide defines luxury as the satisfaction of a superfluous want.

It should be noted that luxury is a relative term. What we think to be a luxury depends on what we think to be necessities. For example, twenty years ago a motor car was universally regarded as an article of luxury but now it is regarded as an article of necessity by many.

A cup of tea is a necessary to the peasant in England, but it is a luxury to the peasant in India.)

Luxuries—their social justification.

Though luxuries have been severely denounced by some of our great philosophers, luxuries have a social justification, their evils notwithstanding.

(1) (From the point of view of *consumption*, luxuries are, to a certain extent, desirable. Luxuries help to raise the standard of life, which in its turn acts as a check on the growth of population and poverty.)

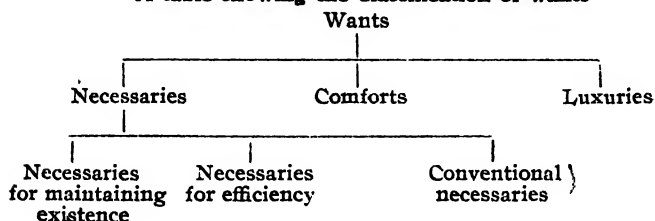
(2) (From the point of view of production also, luxuries are welcome for their stimulating effects.

Luxuries have also been incentives to invention and industrial progress.

(3) From the point of view of the labourer, luxuries are perhaps welcome because of the employment they offer and the improvement in trade they secure.)

* (But all luxury is not justifiable. A distinction is to be made between justifiable and unjustifiable luxury.

A table showing the classification of wants



Laws of Consumption—Engel's Law

(Dr. Ernst Engel, an eminent Prussian, laid down laws of consumption after an enquiry in Saxony into the income and expenditure of a number of families—*workingmen, middle class, and men in easy circumstances*. His enquiries revealed that the smaller the income the greater the expenditure for subsistence. People with a low income spend the major portion of it to satisfy mere animal wants—food, clothing, warmth, shelter, etc. Persons who have larger incomes will spend relatively less on food and clothing but will spend more on education, on the care of their health and on comfort and recreation. This is confirmed by our everyday experience.

The cooly who earns Rs. 15 a month spends Rs. 13 for his food and shelter. The clerk who earns Rs. 50 spends Rs. 40 for food, clothing and shelter. The engineer who earns Rs. 400 a month spends Rs. 300 on food, clothing and shelter and Rs. 100 for the education of his children, for recreation and for the care of health. The merchant who earns Rs. 3,000 spends Rs. 1,000 on food, clothing and shelter, and spends much more on education, on the care of health, recreation and education.

Consumer's Surplus

The surplus satisfaction a consumer derived from his purchase is known as the consumer's surplus.

This surplus is the excess of utility over cost. For instance,

for a small cost of three pice, you are able to write a post card every week to your parents several miles away. You are prepared to spend 4 annas for that post card because you derive 4 annas worth of satisfaction or utility from it. In getting the card for 3 pice you are having a surplus satisfaction or consumer's surplus.

Consumer's surplus—how it is measured

Consumer's surplus is measured by the difference between the total utility of the thing and its total cost.

Total utility—Total cost=Consumer's surplus.

In the above illustration the consumer's surplus may be measured as follows:—

$$16 \text{ pice} - 3 \text{ pice} = 13 \text{ pice.}$$

Summary.

Consumption is the direct satisfaction of human wants by the use of wealth.

As man only produces utilities so man consumes utilities.

Production and Consumption are correlated. Man produces to consume as man consumes to produce.

There are certain distinct *characteristics* of human wants. (1) *They are unlimited in number*; (2) *each particular want can be satisfied*; (3) *wants are competitive*; (4) *wants are complementary*.

The *law of diminishing utility* is that the more we have of a thing the less we want still more of that thing.

The utility or satisfaction derived from the marginal or last purchase is *marginal utility*.

The utility or satisfaction derived from the whole stock is *total utility*.

Wants have been classified into

(a) *necessaries*, (b) *comforts* and (c) *luxuries*.

The *surplus satisfaction* a man derives from his purchase is known as his *consumer's surplus*.

Questions.

1. Write a short note on the characteristics of human wants.
2. "Man produces to consume and consumes to produce". Elucidate.
3. State and explain the Law of Diminishing Utility.
4. Write notes on :—
 - (a) Marginal Utility; (b) Total Utility; (c) Consumer's Surplus and (d) The Law of Equi-marginal Utility.

CHAPTER XXI

SAVING AND SPENDING

What are saving and spending?

(Income is the central fact of our economic life. It is the connecting link between production and consumption.

What a man gets for what he produces is his income. What, again, a man consumes may be but a part or whole of this income. Saving and spending refer to the two different ways of using this income.)

(The income earned may either be employed in further assisting production or it may be consumed in the immediate satisfaction of wants. In the former case it leads to saving and investing; in the latter case to spending.)*

(Saving and investing mean turning wealth into capital. It should be noted that the task of converting wealth into capital need not be undertaken by the saver himself. The saver may put in his savings in a bank

** Mere saving does not help production unless it is invested as well. A miser who merely saved, and tucked away his money in an earthen jar or hid it under the floor, would not really be thrifty—he would be miserly, his hoarding would be unproductive. The miser is just as useless and unwelcome to society as the spendthrift. The social ideal should be ‘necessaries for all before luxuries for any.’ And as such instead of placing the miser and the spendthrift in opposite categories, we should put them together.*

and be content with interest on what he keeps with the bank.*)

Should people save or spend?

It is a somewhat debated issue whether people should spend much or save much to benefit the community. One view is that *all spending is good*, because when much money is spent there is a great deal of sale and purchase, trade is stimulated, business is brisk, and there is prosperity all-round. The other view goes to the opposite extreme and is *all for saving* because savings alone are supposed to benefit the community most. According to this latter view, spending means so much money lost, gone to waste; it is saving that is worthwhile, for saving would mean that present goods would fructify as future goods, and there would be a continual and progressive increase of the wealth of the community.

Needless to say, both these *extreme views are wrong*. The champions of the former view forget that when all the earnings of the people run out in an orgy of expenditure, no capital would be saved and there would be no further production. Production would be brought to a dead halt.

The advocates of saving commit a similar error. Supposing that all were saving what would be the ultimate

* In order that the bank may pay you interest for your money it must lend it to some one who needs it, say, a dairyman who needs another cow but has not the money to buy one. The bank's loan will enable him to buy the cow which will yield milk sufficient to pay back the loan and leave a surplus as the dairyman's profit. So, as a result of your saving, there is a slightly larger supply of milk for people who need it. You have an income from interest on your savings, the bank gets its profits on its advances, the dairyman an extra income from the extra supply of milk.

result? The result would be that all income being employed in production, there will be little or nothing left for consumption. The wants of the people would remain unsatisfied. But without consuming, how would people be fit for further production? Consumption is necessary in order to help forward production. Without consumption, *i.e.*, without the spending of money in the immediate satisfaction of wants production itself will cease.

The truth of the whole matter is to be found midway between these sharply opposed views. *Spending is good and even necessary*, but it must needs be accompanied by saving in order that production may continue unchecked. *Likewise, saving is desirable and, indeed, very necessary* but it must proceed with reasonable spending, so that the satisfaction of wants, which is, after all, the motive of production, may take place. As Penson puts it:—“*There must be a balance between Production and Consumption, between Effort and Satisfaction. . . . The prudent man thinks of the future as well as of the present, and he uses his income most economically when he so distributes his income between spending and saving, between present and future enjoyments as to secure the greatest aggregate amount of satisfaction.*” This is also the best way of benefitting the community.

Summary.

Income is the central fact of our economic life. What a man gets for what he produces is his income. When income is spent in the direct satisfaction of wants it leads to spending, when it is used to assist further production it leads to saving and investing.

Should people save or spend? Is the best way to benefit a community to spend one's own income? From the social point of view is saving always better than spending? There is an element of truth in both.

Question.

1. Discuss

(a) The best way to benefit a community is to spend one's income.

(b) From the social point of view saving is always better than spending. (C. U. 1934).

CHAPTER XXII

THE ECONOMIC LIFE OF THE STATE

The state performs certain functions.

These in an individualist state are few, *e.g.*, the maintenance of law and order, the administration of justice.

The functions are, however, much more numerous in modern progressive states where many other functions (*e.g.*, public health, education, transport, posts and telegraphs, care of the poor, the aged and the infirm) have been undertaken on grounds of social utility.

For the proper discharge of these functions, the state has to spend money and must have sources of income.

(The principal items of state expenditure are :—

1. **Defence** (army).
2. **Internal order and security** (police and administration of justice).
3. **Commercial Enterprise** (*e.g.*, posts, telegraphs, railways).
4. **Public Benevolence** (*e.g.*, public education, public health, state medical relief, state care of the poor, the aged and the infirm).

There is one noticeable difference between the economic life of the individual which we have studied and the economic life of the state we are studying now. (While the individual regulates his expenditure according to his income, the state regulates its income according to its expenditure. The individual adjusts his expenditure to

his income but the state first ascertains its expenditure and then it proceeds to adjust its income.)

(**The sources of income of a modern state are :—**

- (1) **State property** (e.g., lands, forests, mines).
- (2) **State enterprises** (e.g., posts, telegraphs, railways, monopolies).
- (3) **Currency** (e.g., profits from coinage and from paper currency).
- (4) **Bequests or gifts from citizens to the nation.**)

But these are only subsidiary sources of income. *The principal source of income is*

- (5) **Taxes, direct and indirect.**)

Public Finance

(The subject which treats of the revenues, expenditures and debts of public authorities or of governments is known as *public finance*.)

The Budget

(*The Budget is an estimate of the probable income and expenditure in the coming year. The national budget is the estimate of the nation's income and expenditure in the year.*)

(As the Budget proposals—the proposals for raising revenues and spending them—have to be formulated in advance for submission to the proper authority for approval and sanction, the Budget by its very nature cannot be exact—it is as has been explained a probable estimate.)

(When the income exceeds the expenditure there is a *surplus* and the budget is known as a *surplus budget*.)

(When the expenditure exceeds the income we have a *deficit* and the budget is then known as a *deficit budget*.)

(A public authority, like an individual, may, in the case of a deficit, draw on its savings in the surplus years or may borrow. Ordinary deficits are financed by past savings or temporary loans. Large deficits, due to extraordinary causes, are financed by large borrowings for longer periods.)

TAXES

Taxes

Taxes form the bulk of the state income. . . .

Definition

(A tax is a compulsory payment for the general purposes of government.

Two things should be remembered, (1) *a tax is a compulsory contribution to the state*, (2) *the state gives no direct return for it*—taxes are for general and not for specific purposes. You pay a court fee when you want the services of the judge. If you utilise these specific services you are called upon to pay, not otherwise. But you pay a tax for no measured benefit to you but for the general order and security you enjoy or for the general benefits of government.)

(The principal sources of taxation are

(1) Customs

Customs duties are taxes imposed upon commodities when they cross the boundaries of a state or of a customs union (of two or more states). These duties may be on (a) imports as on (b) exports.

The customs duties may be of two kinds: (i) *protective*, when the duties are designed to protect home industries from foreign competition and (ii) *revenue*, when the duties are imposed solely for increasing the revenues.

(2) Excise

Excises are internal revenue duties or taxes levied on commodities produced within the country for home consumption.

(3) Income-Tax

The income-tax is a tax based and levied upon the income of the taxpayer.

The income-tax is ideally the best as it satisfies all the good canons of taxation and therefore, in progressive countries it occupies an important, nay, the central, place in the tax-system. It is fair and equitable, it is productive, it cannot be evaded easily and it is admirably elastic.

(4) Land Tax

The tax on land was formerly the chief source of state income but it has been relegated to minor importance, in later times, by customs and income-tax.)

Incidence of Taxes

(The *impact* of a tax is upon the person from whom the tax is collected and its *incidence* is upon the person who ultimately pays it.

Thus the *impact* of an amusement tax on cinemas is on the proprietor of the cinema from whom it is collected but the *incidence* or the ultimate burden of the tax falls on the cinema-goers who eventually pay it along with the price of the tickets of admission.)

Direct tax

(A direct tax is a tax imposed on the person who pays it himself and bears its burden. In a direct tax the incidence and the impact are on one and the same person, e.g., income-tax.)

Indirect Tax

(An indirect tax is a tax imposed upon a person who is expected to realise it from other persons. In an indirect tax the incidence or ultimate burden of a tax is on a person different from the person who bears its impact. The burden of the tax is expected to be shifted on to some other person. This last person ultimately pays the tax, though he pays it indirectly and, therefore, feels it little, e.g., the Indian salt tax, the amusement tax, customs duties.)

How taxes should be levied

(Taxes should be levied, according to *sound principles or canons of taxation*, to secure the greatest possible addition to the well-being of the community as a whole.

Persons who pay taxes are very often not the persons who benefit by taxation. It is the rich and the well-to-do who pay taxes and the poor who benefit by them. But the difficulty is that most of those who benefit by state expenditure are unable to bear the tax burden.

The imposition of taxes is, therefore, a very difficult job for the state financier who should be guided by the following principles of taxation.)

Principles of Taxation*

(The four canons of taxation according to Adam Smith are :

(1) The canon of ability or faculty.

(The citizens should contribute towards the maintenance of the State each according to his ability. From this it has been deduced that the rich should pay more because they are better able to pay taxes than the poor.)

In every good tax-system taxes are imposed by the authorities on the basis of ability. Where taxes fall more heavily on the poor than on the rich it is a defective tax-scheme due to the greed and selfishness of the rich.

* The *principles of taxation* according to Wagner may be divided into four classes :

- (a) *financial*, e.g., taxes should be sufficient and elastic;
- (b) *economic*, e.g., taxes should be productive;
- (c) *ethical*, e.g., taxes should be general and proportional;
- (d) *administrative*, e.g., taxes should have the merits of certainty, convenience and economy in collection.

(2) The canon of certainty.

(The tax which the subject is to pay must be certain as to the time and manner of its payment. It must also be definite in amount. The tax-payer must be able to know what he is to pay, when he is to pay and why he is to pay. This is also known as the principle of clearness.)

(3) The canon of convenience.

(Other things being equal, taxes should be so selected and so arranged that the tax-payers are put to the minimum of inconvenience.

The tax-gatherer should consult the convenience of the tax-payers about the time and manner of payment.)

(4) The canon of economy.

(Not only the expenses of collection should be small, a tax should not cause a greater loss to the community than what the State gains from it. A tax should be avoided if it retards the production of wealth.)

Besides, other principles of taxation have to be kept in mind to maintain a good tax-system. These are :

(5) The canon of sufficiency.

(Taxes should be sufficient for the needs of the state.)

(6) The canon of elasticity.

(Government expenses fluctuate from year to year. The tax system must, therefore, be elastic. In an elastic tax system, revenue can be increased to meet the increased expenditure. The elasticity of the tax system is generally provided by the income tax.)

An old tax is paradoxically called a good tax. Since a tax may cause loss, trouble and vexation to the tax-payer, and since these are not so much felt in an old tax to which the community

has adapted itself as they are felt in a new tax, an old tax is called a good tax.

Every tax bears harshly on some and lightly on others. *Taxes should therefore be so devised that they supplement one another and secure, on the whole, the maximum public good.* Since it is impossible to secure absolute justice in taxation *the ideal should be a sort of rough justice for all* by the imposition of taxes which are simple, stable, convenient, inexpensive, productive, evenly balanced and proportioned.

Equity in Taxation and how to secure it

(The factors which condition justice or make for justice are many and what may be just or equitable from the standpoint of the individual may not be just or equitable from the standpoint of the community.)

Equity from the individual standpoint might demand that taxes should be proportioned to benefits received. The more benefits you receive the more you should pay. But it is fairly well known that persons who pay taxes are very often not the persons who benefit by them. The rich pay more in taxes but the poor receive more in benefits.) If this were the only principle in taxation, that people should pay in proportion to the benefits they receive, many of the welfare activities of the modern state, for instance, those for the improvement of the health and education of the masses, would have to be abandoned. (Public equity, on the other hand, demands that the state should give these services free to the poor and should tax for this purpose only those who are able to pay. In public affairs or in affairs of state we are concerned with public well-being. *The only test here is the test of public good and the equity we should have in mind, is public equity.*)

(The great majority of economists are of opinion that *equity in taxation can be secured by taxing on the principle of ability or faculty.* Each person is to be taxed according to his ability with exemptions for those who are unable to bear the tax-burden.) But how to measure ability? (Equal incomes are called upon to support very unequal numbers of persons. A bachelor with Rs. 6,000/- a year is much better off than a married man with a family on that sum.)

ELEMENTS OF ECONOMICS

Then as between a man with Rs. 10,000/- a year and a man with Rs. 2,000/- a year, the man with the larger income has much greater proportional ability because he spends half his earnings on what we would call luxuries whereas the man with the smaller income spends 90% of his income on what we call necessities and only 10% on some little comforts.)

(If the principle of ability were taken to mean equality of sacrifice in the sense that each one should forego an equal proportion, say, 20% of his income as taxes—then of the two the richer man would forego only a few and not all his luxuries whereas the poorer man would have to forego not merely the little comforts he had but also some of his necessities.) We thus come to find that although equal proportions have been taken yet the sacrifices have been very unequal. Thus the principle of proportional taxation in which taxes are levied in direct proportion to income or property does not bring about equity in taxation.)

(The right principle of equity is commonly held to be the principle of equality of sacrifice proportioned to the income and needs of the taxpayer.)

Taxation which embodies the principle of proportional sacrifice must be progressive. By the principle of progressive taxation is meant in general that the higher the income, the higher the ability and the higher must be the rate of taxation. To give a hypothetical case, if incomes of Rs. 2,000/- are taxed at the rate of 5% incomes of Rs. 5,000/- should be taxed at the rate of 10%, incomes of Rs. 10,000/- at the rate of 20% and so on.

‘Equity in taxation thus does not require rigid equality or narrow uniformity in treatment’.)

If there is an evil social, political or economic (e.g., gambling, drunkenness, inequality in incomes) which needs mitigation or eradication, and if taxation is an efficient or the only remedy, equity not merely sanctions but demands its employment.

Public Debts

(All modern governments have huge debts—these debts are known as Public Debts.)

The debts have been incurred for

(1) wars and special emergencies,

(2) public works such as the construction of railways and irrigation works,

(3) for a temporary necessity.)

(Public debt may be (a) *productive* and (b) *unproductive*. When money is borrowed for investment in work, e.g., *construction of railways and irrigation works*, which would bring a net revenue, it is known as *productive debt*. When, however, the loan is raised for unproductive purposes such as a *war* it is known as an *unproductive debt*.)

The Sinking Fund

(When a fund is maintained *to sink or redeem debt* it is known as *the Sinking Fund*. In a country with sound finances contributions are made to the Sinking Fund regularly and annually. Also occasionally big amounts are made over to the sinking fund for the ultimate repayment of the debt.)

Summary.

The individual adjusts his expenditure to the income he receives. The state, on the other hand, first ascertains its *expenditure* and then proceeds to devise *ways and means* for this expenditure.

The *items of state expenditure* are (1) *defence*, (2) *internal order and security*, (3) *commercial enterprise* and (4) *public benevolence*.

The *items of state income* are (1) *state property*, (2) *state enterprise*, (3) *currency*, (4) *bequests or gifts* and (5) *taxes*.

A *tax* is a compulsory payment for the general purposes of government.

A tax may be (a) *direct* or (b) *indirect*.

It is *direct* when the burden of the tax is borne by the tax-payer.

It is *indirect* when the burden is shifted by the tax-payer to some other person who pays the tax ultimately. Taxes should be levied in accordance with certain well-defined and universally accepted principles or canons of taxation.

According to Adam Smith, the canons of taxation are (1) *the canon of ability*, (2) *the canon of certainty*, (3) *the canon of convenience* and (4) *the canon of economy*.

Besides these four canons of Adam Smith two more canons should be noticed : (5) *the canon of sufficiency* and (6) *the canon of elasticity*.

Public debts are debts incurred by Government. They may be (a) *productive* and (b) *unproductive*.

The Sinking Fund is a fund maintained to sink or redeem a public debt.

Questions.

1. What are the canons of taxation? Explain them lucidly.
2. Define a tax. Distinguish between a direct and indirect tax.
3. The rich should be taxed more in proportion than the poor. Why? Do all taxes obey this principle? (C. U. 1931).
4. On what main principles can equity in taxation be secured?
5. Explain the term 'budget'. What do you mean by a deficit budget? How can deficit in budget be ordinarily made good? Refer, if possible, to the financial condition of the province of Bengal. (C. U. 1933).
6. Write notes on (a) Public Debt, (b) Productive Debt, (c) Sinking Fund.

BOOK II
ECONOMIC LIFE IN INDIA

CHAPTER I

INTRODUCTION

After we have studied the fundamental principles of Economics it is time we look more particularly into the economic conditions in our own country and consider some of the most pressing problems that confront us, Indians, to-day.

India should not be judged by her great ports nor by her rapidly rising manufacturing towns. (The real India is still in the villages, which are mainly agricultural, numbering nearly 700,000, in which live 90% of the people of the land. The economic life and the economic problems of the country are therefore to be studied with reference to the Indian towns as well as to the Indian villages.

The economic life of a country is determined largely by its physical or natural environment as it is influenced by its social and religious institutions.

We, therefore, begin with a study of these before we take up the study of the important economic problems of modern India.

Natural Environment

Extent

(India) with an area of 1,805,332 sq. miles (is the largest of the three peninsulas which mark the southern configuration of the continent of Asia. India is about 2,000 miles long from north to south and nearly 2,500 miles broad from east to west and has a size fifteen times as big as that of Great Britain.)

Natural Divisions

(India has four well-marked divisions.)

(1) *The Himalayan Range*, which separates India from the main continent of Asia by its most gigantic and impenetrable mountain barrier in the world.)

(2) *The Indo-Gangetic plain*, lying at the foot of the Himalayas and extending from Baluchistan to the borders of Burma, is the richest and most populous part of the country. It is watered by the three great river systems of the Indus, the Ganges, and the Brahmaputra.)

(3) *The peninsula proper* with the Deccan in the centre and the coastal fringes on either side.

(4) *Burma*.

These natural divisions account for the extraordinary physical contrasts in the country.) From the eternal snows in the mountains one can come to the hot deserts of Sind, from the green vegetation of Bengal and the rice-fields of Malabar and Lower Burma one can change the scene to the arid and brown North-Western Frontier Province.

The geographical location of India and its importance

(The location of India, centrally situated as she is, gives her a very advantageous position for trade. Having a long coast-line of about 4,500 miles and with great gateways in the mountain passes of the North-West, India attracted a large volume of foreign trade even in ancient times. Owing to the wonderful development of ocean navigation, and also for political and strategic reasons, the land-routes have now become comparatively unimportant. Foreign trade is now concentrated in the major ports of India, namely, Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong.)

The geographical location of the country is also responsible for its climate and rainfall which have an important relation to the density and distribution of population.)

Climate

(The climate is not the same everywhere in India. The country is as vast as a continent. The temperature in the greater part of North India varies within large limits.) In Northern India we

have severe heat and extreme cold. The South, due to its proximity to the sea, experiences no extreme climate and the variations are slight. (India ~~thus~~ presents strong climatic contrasts. From the cold and bracing climate of the hills we have the hot blasts of scorching winds in the Punjab. In Northern India in general it is dry and invigorating, in Bengal and in the South it is damp and enervating. The monsoon is common to the whole of India, so also is the heat of the tropics with important exceptions.)

The Monsoons 8.7.38

(The word monsoon means the reversal of the winds but it is popularly associated with rainfall in India which occurs at the time of its passage over the country.)

(In India we have two monsoons—the north-east monsoon and the south-west monsoon. The north-east monsoon is of land origin, and is, therefore, relatively dry.) This monsoon lasts from October to November when the cold dry winds begin to blow from the uplands towards the seas. (In their passage over the Bay of Bengal the north-east winds absorb moisture which they deposit in the form of rains in the coastal strips of south Madras. It is not of much importance to India except to Madras which it serves.)

(The south-west monsoon, on the other hand, is of great importance to the whole of India. It enters the country in two currents—the Arabian Sea current, serving Bombay, the Punjab and the Central Provinces, and the Bay of Bengal current serving Burma and the rest of India. The south-west monsoon (which gives us 90 per cent. of our rains) is strong in the months of June to September when we have the season of general rains.)

Rainfall and its importance in India

(The ~~chief~~ characteristics of the Indian rainfall are that (1) it is unequal in its distribution in the country, e.g., Cherrapunji has a normal rainfall of 460 inches while Upper Sind has barely 3 inches; (2) it is irregularly distributed in the year, i.e., in one season an area may be deluged with rain, in another it becomes a sunbaked waste with not a drop of rain and (3) it is uncertain in its coming, i.e., the rainfall in India may fail to come as

anticipated; it is liable not only to serious shortage but also to total failure.)

(In India we have some areas which get 'certain' rainfall, viz., Bengal, Assam, Burma, Malabar. Again there are large areas which are classed as those of 'uncertain' rainfall, viz., the U. P., Rajputana, Bombay, Madras, Upper Sind, Western Rajputana and Western Punjab are the areas of drought or no rainfall practically.)

(Rainfall in India is of the utmost economic importance because ninety per cent. of the people live ultimately on agriculture) which, in the absence of any extensive irrigation system, is almost wholly dependent on rainfall. (Most of this rainfall) as we have seen, again (is dependent on the south-west monsoon) on whose course depends the well-being of millions of people in India. To promote their well-being and to assist in their agriculture, rainfall must not only be sufficient but also timely and evenly distributed. A shortage of the expected rains brings drought and causes famine, an excess of rains on the other hand brings floods and damages the crops. Again, if the rains are too early or if they are too late the harvests may be entirely spoiled.)

Thus a good rainfall in India may mean prosperity to millions just as a failure of rainfall may mean misery to millions.

(In India, the importance of rainfall is not confined to agriculture and agricultural people. It is also of supreme importance to India's inland and foreign trade which thrives or lags according to the fortunes of agriculture because most of India's trade deals with agriculture and agriculturists. Our banking, shipping, railways, manufacturing industries, all have to follow the fortune of the rains because every one is ultimately largely dependent on agriculture. The Government also has to feel the importance of rainfall because its revenues and obligations are intimately bound up with the well-being of millions of its subjects who are agriculturists.) ✓

Soils

(The Indian soil is rich in many parts, though it is poor in certain areas as in the deserts of Sind and Rajputana where little can be grown. The soil in the north-west is mostly dry and porous and in some places sandy. In Bengal it is moist and compact. In the deltaic regions of the peninsula it is of clay

and of dark colour. The alluvial tracts, which have been formed along the courses of the great rivers, e.g., the Indo-Gangetic plains, are extremely fertile and are suitable for a large variety of crops. In the Deccan the black soil is suitable for cotton-growing.

The minerals

India has long been famed for her mineral wealth. Her riches have attracted in the past many invaders.

As the soil is important to a community so also are the minerals. The Industrial Commission in 1918 found that the minerals of India were sufficient to maintain our chief industries and for them India need not go elsewhere. Investigations, in recent times, have led to the discovery and utilisation of rich mineral deposits in many parts of the country.

The chief minerals of India which are extracted on a commercial basis are—

(a) *Coal*, which is found principally in Raniganj and Jharia in the provinces of Bengal, Bihar and Orissa. It is also to be found in small deposits in many other parts of the country among whom Central India and the Central Provinces are important.

Nearly 20 million tons of coal are raised every year and nearly 200,000 persons are engaged in coal-mining.

(b) *Iron*, which is our next important mineral, has been worked in India for a long time and with high proficiency.

The richest and the most important iron deposits are in Orissa—in the district of Singhbhum and in the states of Keonjhar, Bonai and Mayurbhanj.

Nearly 2 million tons of iron-ore are raised every year.

(c) *Manganese* is also a very valuable Indian mineral principally used for the manufacture of steel and is to be found mainly in the Central Provinces.

More than a million ton of manganese is raised in India every year, the larger part of which is exported. India is at present the biggest producer of manganese in the world.

(d) *Petroleum* is also another important mineral to be found at either end of the Himalayas, i.e., the Punjab and Baluchistan in the west and Assam and Burma in the east. The Burma mines are, however, by far the most important because 9/10 of Indian petroleum is obtained from there.

{India produces but a small share of the total supply of petroleum in the world and imports large quantities from foreign countries.}

{Other important Indian minerals are *gold* in Mysore, *salt* in the Punjab and Rajputana, *mica* in Behar and Madras, *lead* and *silver* in the Shan States in Burma. Besides we have in India *precious stones* and deposits of *tin*, *zinc*, *copper*, *aluminium* and *nickel* among other things.}

But the pity is that Indians have left the exploitation of some of our most important and valuable minerals to foreigners to the great injury to national interests.

Other natural resources in India

There is an extraordinary variety of vegetable and animal life in India and one can find here almost all specimens of fruits, flowers, vegetables, crops, trees and animals. *India is an epitome of the world.*^a

{India produces a rich variety of *food crops* (e.g., rice, wheat), *fibre crops*, (e.g., cotton, jute), *oilseeds* (e.g., mustard, and linseed), *plantation crops* of drinks and beverages (e.g., tea, coffee, opium, cinchona) besides, among others, *tobacco* and *spices of great variety*.}

{The forests of India not only yield valuable and useful timber but also supply large quantities of *gums*, *resins*, *drugs*, *dyes* and *tanning materials* for use at home and export abroad.}

India's *live stock* or cattle-wealth consists chiefly of *oxen*, *buffaloes*, *asses*, *mules*, *goats*, and *sheep*. Oxen and buffaloes are used for traction purposes, asses and mules as pack animals. Besides, the animal-products serve to supply the people with flesh, milk and other articles of diet and with raw-materials for their industries such as wool, horn and hides.}

The supply of cheap power is one of the prime conditions of the success of the economic life of a community.

{The principal sources of power in India are *coal*, *wood*, *petroleum*, *wind* and *water*.}

The People

Population

{The population of India in 1931 is estimated to be about 353 millions which is nearly one-fifth of the world's total.} It

exceeds that of China generally believed to be the most populous country in the world. (There has been an increase of nearly 11%.)

Density

(The mean density in India, according to the Census of 1921, is 177 per square mile—the density of population varies within wide limits. The density is the *lowest in Baluchistan* with only 6 in a square mile as it is the *highest in Bengal* where there are 578 persons in every square mile.)

The differences are due to many factors such as *rainfall, climate, the soil, the shape of the land surface, security and the stage of economic development.*

Towns and Villages

(*India lives in the villages and not in the towns.* Only 10 per cent of the people live in towns—the vast majority of 90% live in the villages.)

There are *only 30 towns* of any importance in the whole of India whereas there are *nearly 700,000 villages.*)

(The progress of urbanisation in India has been very slow—the increase of urban population has been less than 1% in the thirty years preceding 1931. Two noticeable features are the *decadence and depopulation of villages* and the *growth of the larger commercial and industrial towns.*)

Occupations

(*India is essentially an agricultural country.* Agriculture alone supports 224 millions or 71% of the people. Pastoral and hunting occupations employ another two per cent. Industries support 10 per cent, trade and transport 8 per cent and administration only 1½ per cent.)

Birth-rate, Death-rate and Migration

Population is affected by birth, death and migration.

(The *birth rate* in India is high so also is the *death rate*. The birth rate is high because even beggars marry and beget. Marriage is almost universal and except among advanced sections there is no restraint nor control of births.)

The *death rate* is also high specially among infants and married females. This is due in the main to poverty and want of proper nourishment. It is also due to insanitary ways of living, epidemic diseases yet uncontrolled by the government, the purdah, child marriage and lack of medical facilities. The mortality in towns is higher than the mortality in villages.)

{ The average expectation of life in India is 23 years, in England it is 47 years. }

{ 'High birth rates, high death rates, backward industrial conditions, these commonly go together.' }

Migration may be *internal* or *external*. When migration is internal, e.g., a movement from the village to the town, there is no change in the total of population—there is only a redistribution of population.)

When migration is *external* it affects the population. External migration may be *immigration*, when people come from outside with a resulting increase in population; or it may be *emigration*, as for instance, when the surplus population goes out to settle elsewhere.

In India we have very little immigration, though on account of over-population there has been *emigration* from India in the past to *South Africa, Kenya, Fiji and British Guiana* among other places. The problems of emigration and of the emigrants must engage our serious attention.

Social and Religious Institutions

Social and religious institutions and ideals have important effects on the economic life and well-being of the people. Of these institutions the caste system and the joint family system are the most powerful.

VI. The Caste

{ The Hindus who form the bulk of the Indian population have an elaborate caste system. }

Of the merits of the caste system it may be said that the caste, originally introduced on the basis of a division of labour in society, promoted economic strength and efficiency. Probably it

helped to solve racial problems also. *It secured the co-operation of races* and it was also a sort of trade guild.) There was a time when the caste organisation was to the Hindu his club, his trade union, his benefit society, his philanthropic society.

Speaking from an economic point of view, it has had its day. A system that stereotypes society without providing it with a social ladder is a deadweight on initiative and enterprise. As an economic institution it is breaking up.)

(As a social institution it has been perverted into a vast engine of oppression and intolerance and has been a disruptive social and political force. In its present form the caste system is indefensible.)

The caste system has been criticised because of the following reasons—

(a) *it is an obstacle to social and national unity* because it keeps men separate,

(b) *it does much harm by putting men in wrong places.* A Sudra who might be a good teacher and a Brahmin who might be a good tanner are both prevented by caste rigours to get into their proper and rightful places to the intense injury of national interests,

(c) *it prevents free movement of labour and capital and the growth of large-scale industries* because under it each man's life and occupation is rigidly governed by caste rules,

(d) *in the case of higher castes it is antagonistic to their appreciation of the dignity of labour* so much so that the Brahmin might not stoop to the occupation of 'the mean'—mean because it is manual labour,

(e) *the caste system thus goes against the principle of equality* and this is very injurious to the political and economic ideals of a community.)

A welcome feature is that the Hindu leaders are trying to purge Hindu society of the evils of the caste system.

The Joint Family V.I

(The joint family is another characteristic Hindu institution. The chief merit of the institution is that every one in the family is assured of a bare subsistence.) Under it, everyone gets as fair a start in life as can be given him by the family. It also takes within its fold the weak, the decrepit, and the old.

{ Besides the social economy secured, the joint family system is also responsible for much domestic economy in a country like ours with low incomes. It teaches men to be unselfish and sacrificing. }

{ But } for the very same reasons, 'the joint family system has been the source of many evils. It has tended to make men lazy and indolent and has taken away the initiative and enterprise so essential for success in our struggle in life. }

{ The commonalty and the organic unity of Hindu society as preserved by the institution of joint family embody a glorious social ideal, that of harmony. But the evolution of modern economic society with its ideals of individualism militates against the continuance of the joint family. } As the joint family involves considerable personal sacrifice and as men have become more selfish or 'individualistic', we are witnessing to-day a general disintegration of the joint-family.

Having lost the social ideals of life, we do not, though perhaps we should, seem to regret the passing away of an institution which was as necessary as it was wholesome.

Other social customs and institutions

{ Early marriage, the purdah, and the lack of female education lead to social and economic loss. }

{ The rites in connection with births, marriages, and deaths have a religious basis and people in India feel it an almost religious duty to spend freely on such rites as also on pilgrimages. This encourages waste and extravagance and often leads to the indebtedness of the people from which they cannot escape. }

The religion and the outlook of the people

It is commonly asserted that the religious feeling and sentiment of the people as also their ideals make them disinclined to work for more than a bare living. { They } look not to the present life but to 'the life hereafter'. Thus there is a fundamentally uneconomic bias of the people.

{ But the influence of religion has been much exaggerated. In the days of old when the Indians were much more religiously minded than they are now their religion and spirituality did not

paralyse their economic activities. Rather, India at that time attained world-wide fame by her great material achievements in the arts, *e.g.*, *metallurgy*, (*handicrafts*) and sciences (*e.g.*, *algebra*, *astronomy*, *geometry*).

(The pessimism and the fatalism in the Indian outlook which are to-day a great hindrance to the material progress of the people should rather be ascribed to the anarchy and chaos which prevailed in the country in the pre-British days. In such unsettled conditions of life with no certainty as to what may happen to life and property to-morrow people would naturally be the least inclined to work for more than what they need to-day. Equally naturally would they become pessimistic about the future which they would, in the absence of security and ordered government, rather leave to a kind fate.)

(To win back the lost glories of India and to ensure the conditions of economic progress it is not only necessary to fight evil social customs and institutions but it is equally necessary to fight this attitude of helplessness and dependence on fate. It is by mass education and by economic and political reforms that this defeatist attitude of the masses can be successfully fought.)

Summary.

India is as vast as a continent. The country has four well-marked natural divisions: (1) The Himalayan Range; (2) The Indo-Gangetic Plain; (3) The Peninsula proper; (4) Burma.

The geographical position of India gives her a very advantageous position for trade. The great ports like Calcutta, Bombay, Madras, etc., have greatly helped the growth of an extensive foreign trade.

As India is mainly an agricultural country, her prosperity or adversity depends upon rainfall. The monsoons, which are rain-bearing wind-currents, are therefore, of the greatest importance to the country. Of the two, the north-east monsoon and the south-west monsoon, the latter is more important because it brings more plentiful rains.

The soil of India is very rich and fertile. In addition to that,

it contains a large variety of minerals. The mineral wealth of the country consists chiefly of :—

(a) Coal, (b) Iron, (c) Manganese, (d) Petroleum, etc. Other important minerals are gold, mica, lead, etc.

The population of the country is about $1/5$ of the world's total population.

Of the social and religious institutions of the country, two are most important from the economic point of view : (1) The Caste System, and (2) The Joint family system. The merits of the Caste System are : (i) it was originally based on the principle of division of labour and thus promoted economic efficiency; (ii) it also secured co-operation and solved many problems. But in our times it cannot be defended because of the following demerits :—

- (a) it is an obstacle to social and national unity,
- (b) it does much harm by putting men in wrong places,
- (c) it prevents free movement of labour and capital and the growth of large scale industries,
- (d) under it the higher classes cannot appreciate the dignity of labour and regard manual labour as degrading,
- (e) it goes against the principle of equality.

The joint family is another Hindu institution. Merits :—
 (1) Its chief merit is that it ensures security, every member is sure to obtain a bare living. (2) Under it every one gets a fair start in life. (3) It protects the weak, the invalid and the old who are incapable of any work for their livelihood. But it has its darker side too. It encourages laziness and kills enterprise and initiative.

The religious outlook of the people is uneconomic. The people care more for the life hereafter than for their present life. Fatalism and pessimism are the two factors which go against the growth of a flourishing economic life in India. To ensure economic progress an elaborate reform of social customs and institutions has got to be carried out. Education and all-round reform are the two essential remedies which can bring back to India her lost glory and position.

Questions.

1. Illustrate the influence of the prevailing social and religious customs on the economic life of the country. (C. U. 1933).
2. Give a brief account of India's mineral resources. (C. U. 1933).

CHAPTER II

THE CONDITION OF THE MASSES

The condition of the masses

India presents a picture of poverty, disease and ignorance not to be seen in any other civilised country of the world. (*"The extreme, the abject, the awful poverty of the Indian people is a grim fact."* In no other country where the gifts of nature are as plentiful as they are in India is production *per head* so low. In India we have the paradox of a poor people in a rich country.)

The average income in India

(The average income of Indians per head has been differently estimated by different authorities.* But estimated most optimistically, it is insufficient for even the very low Indian standard of living. In startling contrast to the low average income in India, in 1926 the income in the U. S. A. was nearly Rs. 2,000 per head per year, in Britain it was Rs. 1,000 and in Canada and Australia it was no less than Rs. 550.)

The needs of the Indian are proverbially few. (In fact, the poorest classes do not know how to keep body and soul together. They have been described as being "*habitually hungry*," and they can live only because "*they make their own huts in spare time, collect their own fuel*" and "*scarcely need any clothing.*")

Consumption

Reliable statistics of Indian consumption are not available.

(The chief wants of the people relate to *food, clothing and houseroom.*)

* In the absence of reliable statistics the average income has been estimated differently and the estimate is seen to vary from Rs. 30 to Rs. 116.

(Many people are so poor that they scarcely get a full meal a day and a yet larger number who do not get two full meals a day. *This is about the masses.* The middle classes are also insufficiently nourished.)

(The condition of the masses is no better in the matter of clothing. They are very scantily clad even in the rigorous winter. Middle classes spend more on dress.)

(Not to speak of the poor masses who live in ill-constructed and ill-ventilated mud huts with thatched roofs, even the middle classes are not decently housed.)

(*An insufficiency of food, clothing and houseroom tells on the physical and mental efficiency of the workers and impairs the productive powers of the nation.*)

(Besides the physical necessities, the people have to be provided with the higher necessities of life such as *education, sanitation, leisure and recreation.*)

This would raise the standard of life of the people. But this is dependent on a rise in the present incomes of the people.

The standard of living* in India—has it risen?

(There are historical causes for this low standard of living in India. In all countries where civilising influences have been at work the normal feature has been not only an increase in numbers but also an increase in wants. In India, however, the standard

*** The standard of living.**

It is not possible to define the conception of the standard of living in precise terms. In a general way, it may be said that the standard of living refers to the economic status of a people, to which it has become accustomed through habit, tradition and social environment. It consists in the satisfaction of certain long standing wants, the failure to satisfy which would be a source of discomfort and inconvenience. The standard of living is a variable factor.

It is different with different peoples and indeed with different sections of the same community.

The standard of living may refer to the standard of living of an individual but it is in its social aspect that it is more important. "The standard of living has a considerable bearing on the industrial efficiency, on the social and political organization, on the progress and development of the people as a whole." (Penson).

of life has remained practically stationary with little in the way of inducement to increased production.)

(No doubt during the last 30 years there has been an appreciable rise in the standard of comfort but the great poverty of the people, the lack of education, the prescription of custom and their comparative immobility have greatly obstructed this rise.) Indeed so slow has been this rise in rural India that it has not yet had any marked influence on the general life of the country.

(The standard of living has been most affected in the towns and cities as a result of the contact with outside civilisation and least affected in the villages of India which are still isolated self-sufficient economic units.)

(The progress of education and the growing contact with the outside world through the development of communications tend slowly to destroy this isolation and self sufficiency and contribute to the desire for a higher and better life.)

(In the birth of this new desire for a higher standard of life and in the new surge of national effort and endeavour lie the hope and the promise of a *new economic era* for the country—an era of all-round material prosperity for the indescribably poor millions of India.)

Causes of Poverty

That the poverty of the masses is real is evident from the sight of miserable and emaciated specimens of humanity in the Indian countryside.

((a) British rule has meant the impoverishment of the country because

(i) there has been a great 'drain' of economic wealth from this land,

(ii) the government is very expensive and extravagant in spite of the poverty of the people.)

But the abject and awful poverty of the people must not be laid wholly at the door of the British.

(b) 'There are other causes of Indian poverty, no less powerful, in 'religious and social customs deeply ingrained in the people, an inordinate love of litigation, indebtedness to money lenders, often due to borrowing for ceremonial purposes, and the fragmentation of holdings, arising from ancient laws of inheritance.'

The Main Causes

(The *main* causes of Indian poverty are enumerated below :

- (1) The Indian philosophy of life prescribes a limitation of wants and a deliberate lowering of the standard of life. There are many thousands in India who have preferred the beggar's bowl to the sickle and the hammer.)
- (2) (Women generally have not taken part in the economic life—a large part of the people have, therefore, to live on the earnings of others.)
- (3) (There is no check on the increase in the population despite the poverty of the people. Even beggars marry in India.)
- (4) (In India, 230 millions or nearly 72 per cent. of the people are dependent on agriculture. This excessive pressure of population on land is another cause of poverty. The cultivation of land has become uneconomic because it is excessively 'fragmented'.)
- (5) (Early marriage and epidemic diseases, *e.g.*, *malaria and hookworm*, have sapped the vitality of the race and have made them less productive.)

- (6) (The extravagant social habits* of the poor people have added a further cause.)
- (7) (Religious scruples and prejudices† deeply ingrained in the people sometimes contribute to the poverty of the masses.)
- (8) (The Indian's love of litigation‡‡ is another cause of his ruin.)
- (9) (The cup of his misery is then filled by the money lender§ who lends at usurious rates. And the money is often borrowed for unproductive purposes.)
- (10) (The Government of the country must also come for its share of blame because it has neglected the development of the economic resources of

* Though ordinarily thrifty and self-denying, the Indian is subject to periodic fits of reckless extravagance. He would spend the whole year's family income on a marriage festival.

† 'The loss to the cultivating classes through the ravages of animals and birds is incalculable. Monkeys, the peacock and his harem, wild pigs and pigeons destroy a considerable portion of the crops, and the religious objection of the Hindu to the taking of life secures for these marauders an immunity found in no other part of the world. The black rat is not only the source of plague, but consumes, on a very conservative estimate, grain to the value of £12,000,000 annually . . . The monkey and the pea-fowl enjoy special consideration on religious grounds.'

'The veneration in which the cow is held by Hindus constitutes another obstacle. Owing to this sentiment, the destruction of useless animals is impossible, and it is estimated by the agricultural authorities that at least 14,000,000 of the cattle in India are of no economic value whatever—each head of this useless cattle consuming in its lifetime fodder worth nearly Rs. 100/-'.

‡‡ In the Punjab, every year the cultivator spends 4 crores on litigation, an amount equal to what he pays as land revenue.

§ In the same province, besides maintaining a horde of beggars, the ryot pays out of his very low income 12 crores every year to the money lenders.

the people—particularly their industrial development.)

(11) (The drain of economic wealth from the country, so much emphasised in certain quarters, is another cause which, although it comes last in our enumeration, is not the least in importance.)

Economic Transition in India

(“Throughout the greater part of the country the typical self-contained Indian village community, unmodified for centuries, still exists—an interesting and surprisingly intricate social organism bringing back the memories of mediaeval days—with its landlords and tenants and agricultural labourers, its priest and its *fakir*, its money-lender, and a whole order of artisans—the carpenter, the blacksmith and the weaver, the potter and the oil-presser,—each with his clearly prescribed functions hallowed by centuries of tradition.”)

(This picture of Indian life, true in the main of rural life in India, is being modified by rapid social and economic changes in the country. The organisation of economic life though it is still largely modelled on the old is being changed by new methods of production and distribution.)

(Among these changes are the triumph of the forces of contract and competition over those of status, custom and tradition of old; the villages are more and more being brought into contact with the outside world by the rail, motor and steamship transport and are becoming more dependent on it) as they are losing their former isolation and self-sufficiency. (Industries are on a larger scale to-day requiring more capital and better organisation. The old handicrafts and the cottage industries in the villages are gradually giving way to the machine industries concentrated in the mills and factories in towns and cities. Division of labour has become more complex because of the extension of the market and the increasing use of machinery. Barter has been replaced by money and credit and banking have been developed.)

Summary.

India is a land of poverty, disease and ignorance.

The vitality of the people is low, the poorest classes being 'habitually hungry'.

Illiteracy is widespread. The habits of the people are generally simple, sober and moral.

'The extreme, the abject and the awful poverty of the people is a grim fact'.

The causes of Indian poverty are

- (1) *the low standard of life in India;*
- (2) *the great increase in numbers despite the poverty in the land;*
- (3) *excessive pressure and dependence on agriculture;*
- (4) *low productivity of the people due to their low vitality;*
- (5) *early marriage and epidemic diseases;*
- (6) *habits of extravagance;*
- (7) *habits of litigation;*
- (8) *usury;*
- (9) *government neglect of Indian economic development;*
- (10) *'drain' of wealth from the country.*

Questions.

1. Briefly describe the condition of the masses in India. How can you improve it?
2. Briefly enumerate the causes of Indian poverty.
3. 'The problem of poverty is a very real one in India'. How would you solve it?

CHAPTER III

AGRICULTURE

Agriculture in India

(In India's 700,000 villages the common interest is agriculture.

The population of India is rural and agricultural rather than urban and industrial. 'The large town and the industrial centre is the exception; the common feature is the hamlet and the village and it is in rural life that both in the past and the present India found her most distinctive medium of self-expression'.

The country is one of small holdings—the tenant farmer being the predominant type.

Farming is carried on with a minimum of capital—the capital consisting of few cheap tools and implements of the primitive type and plough cattle not very valuable nor very efficient. There is little investment in fencing, farm-building and in permanent improvements.

Very few of the larger landowners take a practical interest in agriculture. They live in towns, leaving the management of their estates to their agents. Indeed the apathy of the zemindar is one of the chief obstacles to rural progress.

Agricultural loans are taken mostly from the village mahajan who is a dangerous necessity. The mahajan has often a lien on the crops.

The Government Departments of Agriculture have been able, in places, to secure for the ryot an increase in the yield and an improvement of the quality—but they have failed to bring him a larger financial return because they have failed to provide him with the necessary marketing facilities. In the absence of regulated markets, the ryot is very often cheated in respect of the price, the weight and the quality of his produce.

(Righty per cent. of the total cropped area is under *food crops* (e.g., rice, wheat and maize), nearly six per cent. under *oilseeds* (e.g., mustard, linseed and castor), and about eight per cent. under

fibres (e.g., cotton and jute). The remainder is covered by drugs (e.g., opium) and beverages (e.g., tea, coffee).)

The Seasons and the Harvests in India

(The seasons of India are usually divided into six but the agricultural seasons are divided into two in accordance with the time of the monsoons.

One set of crops, e.g., rice, cotton, jute, is sown in June before the advent of the monsoon and reaped in autumn—this is known as the *kharif* crop. The second set of crops, e.g., wheat, pulses, linseed, is sown at the close of the monsoon and is reaped in late winter and early spring—this is called the *rabi* crop.)

Its importance

(Of Indian industries by far the most important one is agriculture. It is the main occupation of the people.

It is not only that ninety per cent. of India's population have to live, *directly or indirectly*, on agriculture but that ~~some~~ of our important manufacturing industries such as the cotton and the jute industries are greatly dependent upon it. Cotton and jute have to be grown in the fields before the mills can turn these raw materials into finished goods.)

(If agricultural conditions are improved, the purchasing power of the ryot will increase. And since the Indian market consists largely of agriculturists, with the prosperity of agriculture is bound the prosperity of the manufacturing industries also.)

(Agricultural products being the chief Indian commodities, the foreign as well as the internal trade of India depends very much on prosperous agricultural conditions in the country.)

{ *Even railway, posts and telegraphs services are more in demand when there is a prosperous agricultural year.*

Indeed a bad agricultural year is a bad year all round—it means a bad year for the government as it is for the people since the government revenues are largely drawn from agricultural sources.

Condition of the agriculturist

{The great masses of the Indian people consist of agriculturists and their condition is miserable. It must strike as surprising to anybody who has seen the ryot at work in the fields of Bengal that in spite of such qualities as honesty, diligence, perseverance and almost infinite patience to which are added Nature's freest bounties of a rich soil and an extensively good supply of water, how very poor and how very miserable the Bengal agriculturist is. Although conditions differ, people in other provinces are in the same plight as the Bengal peasant is.

{The Bengali ryot works hard, from sunrise to sunset, day in and day out, in his fields which are fertile and watered in plenty. But when we turn to him and to his house we find that the poor man is unable to provide his wife and children with even two full meals a day. He cannot give them the necessary clothing and the shelter and the protection they need in the rains and in the cold, or the relief they want in their sickness.

{The crops are produced in due time and, more often than not, in abundance ; but when the unsympathetic zemindar and the exacting mahajans have been satisfied out of them, the remainder is not sufficient to give even a bare living to the ryot and his family/

We must also consider the middleman's share. The ryot loses when he sells his produce as he loses when he buys any articles of food or clothing. When the ryot buys he pays a price which is often much higher than the fair price and when he sells he is usually paid less than what is legitimately due to him. We see the sad spectacle of the zemindar, the mahajan and the middleman fattening at the expense of the poor ryot.

The Agricultural Products of India

Among agricultural products, *crops* are certainly the most important. In progressive agricultural countries *fruit-growing, sericulture, horticulture, dairying, poultry and cattle farming* are also done by the agriculturist. In India relatively small importance is attached to these but the revival of Indian agriculture involves careful examination and vigorous development of their immense possibilities in India.

Arboriculture

Arboriculture is systematic cultivation of trees and shrubs. Arboriculture, however, stands for artistic forestry. The subject which deals with the economic development and exploitation of forests is known as *sylviculture*.

There are sylviculturists in the forest departments of the Government of India who are devoting special attention to the conservation and cultivation of Indian forests, and the exploration of new uses and markets for India's forest products.

Sericulture

Sericulture means silk-worm breeding and the production of raw silk. It was once a profitable industry but is decadent now.

Sericulture is practised in Bengal, Assam, the Central Provinces and Kashmir and has great possibilities. With proper methods

and organisation it is likely to be a source of wealth to the country—particularly it may be helpful in raising the income of the rural masses.

The crops of India

Among the crops, food crops in India preponderate with over 80% of the total area sown under food crops; the non-food crops thus occupy a place of minor importance.

The principal crops of India are as follows :

(a) *Rice* easily takes the first place in crops. Nearly one-third of the total cultivated area in India is under rice. It is the main crop as it is the staple food in Bengal, Madras and Burma. It is grown extensively in India. India exports less than 10% of her total rice crop yet she is the biggest exporter of rice in the world.

(b) *Wheat*, which is only next in importance to rice, covers one-tenth of the total cultivated area in India and is grown principally in the Punjab and the U. P. where it is also the staple food of the people. India is the third wheat producing country in the world. It is a pity that India has to import wheat from Australia. Among other important *food crops* may be mentioned the *sugar-cane, pulses, maize, barley* and the *various kinds of fruits and vegetables*.

Among *non-food crops*, the fibre crops, e.g., *cotton*, and *jute* are the most important, next come the oilseeds, e.g., *mustard, linseed, groundnut* and the drugs and beverages, e.g., *tea, coffee, tobacco and opium*.

(c) *Cotton* is the most important non-food crop and is grown mostly in Berar, Gujrat, the Punjab, Sind and Southern Madras. Of late there has been a large increase in cotton production in India. Nearly half of India's cotton is exported, and our best customer is Japan.

(d) *Jute* is the next important non-food crop. Bengal has practically the monopoly of the world's supply of jute because 85% of the total jute area is in Bengal. Jute is also grown in Assam and in parts of Behar and Orissa and Madras.

In the year 1927-28 India's exports of raw jute and jute manufactures were valued at nearly 84 crores of rupees. Germany is our best buyer with Great Britain coming close behind.)

PROBLEMS OF INDIAN AGRICULTURE

'Agriculture is the main industry of India yet it lags far behind that of other countries.' For instance, India's out-turn of actual sugar per acre is less than one-third of that of Cuba, one sixth of Java and one-seventh of Hawaii.

The reasons for this lagging behind are not far to seek. Good production depends upon the efficiency of the four factors, land, labour, capital and organisation. But in the case of Indian Agriculture, the factors are mostly inefficient.)

The defects and difficulties of Indian agriculture

(The defects and difficulties of Indian agriculture should be studied under the following heads:)

1. Land

Briefly speaking, the difficulties of Indian agriculture under the head 'Land' are with regard to water, manure and fragmentation of holdings.)

(a) Water

(The Indian soil is mostly dry. Rainfall is insufficient and not properly distributed. The irrigation works which have been constructed are also inadequate. They cover only one-fifth of the entire cultivated area.)

(b) Manures

(Continuous cultivation of the land for centuries has diminished the fertility of the soil. This may be restored by application of manures. The cheapest and the most suitable manure that can be used by the Indian agricul-

turist is cow-dung. But cow-dung is used as domestic fuel in the form of cakes because most people have not got the means to buy other fuel such as wood and coal.)

(c) **Subdivision and fragmentation of holdings**

Further, (laws of succession and of inheritance have led to the subdivision and fragmentation of holdings. Very small plots of land in existence have made profitable cultivation almost an impossibility. For the same reason, large-scale operations, with the use of machinery, are not possible.)

Suggestions for improvement

Water—The difficulties may be solved by an *adequate extension of irrigation works—canals, tanks and wells*—which will make the peasant independent of the whims of Nature.

Manure—These difficulties may be overcome by (1) arranging for cheap wood and coal as our domestic fuel leaving *cowdung as farm manure* and by (2) *the introduction of chemical manures*.

The deterioration of the soil can be arrested also by a *rotation of crops*.

Fragmentation of holdings—The small unprofitable plots of land may be consolidated into big and paying plots by (1) *state interference* and (2) *voluntary agreement or co-operation*.

Legislation or state-interference has failed because people do not like to be forcibly dispossessed. But where the advantages of consolidation have been pointed out to them as in the Punjab, they have voluntarily agreed to such consolidation through co-operative societies.

2. Labour

(Indian agricultural labour is certainly orthodox in its methods but cannot be said to be inefficient.)

(High tributes have been paid by competent foreign observers to the skill and native ability as also to the honesty and patience of the Indian ryot.)

(His great drawback is in his lack of education. The illiteracy of the ryot stands in a great measure in the way of his utilising the new discoveries of science and the new inventions in machinery for the improvement of the agricultural methods.) His illiteracy is also responsible, to some extent, for his being duped by the middleman, who is often the mahajan.

Labour conditions in Agriculture

(In India the major part of agricultural labour is family labour devoted to farming on the family account. *Hired labour is employed only occasionally* in ploughing, sowing, weeding and harvesting. Every 100 cultivators employ 25 hired labourers on an average. These hired labourers, not many in number, are *mostly landless*, but where they own land it is so small that it fails to give them the bare subsistence they require. The *wages are incredibly low*—there are places where for a day's work wages are 6 pice for an adult male and 3 pice for a female labourer. These wages remind one of the days of slavery and serfdom.

A welcome feature is the steady rise in agricultural wages checked temporarily by the recent agricultural and industrial crisis.

The agricultural labourer has the same deficiencies as the cultivator. A rise in his wages would help him in raising his standard of life and his standard of efficiency.

Suggestions for improvement

(To improve agricultural labour, what is most necessary, therefore, is the removal of illiteracy, conservatism and pessimism which characterise our peasants to-day.)

3. Capital

(Capital is an essential factor in agricultural as in all other industrial operations. The agriculturists have to keep themselves going for those months which must necessarily intervene between the sowing of seeds and

the reaping of the harvest.) But in most cases they are extremely poor) and have no cash resources to fall back upon during these months. (They are forced, therefore, to obtain credit from the village money-lender in the absence of any other credit organisation which can lend money at low rates of interest. The village money-lender, as is well known, lends money at very high rates of interest. Over and above these high rates of interest, the unlettered cultivator is often a victim of falsification of accounts by the unscrupulous mahajan.) The result is that once a poor agriculturist falls into the hands of the money-lender he is unable to free himself from the tentacles of the octopus.

Suggestions for improvement

The primary solution of this problem must be sought in co-operation. (There should be a co-operative credit society in every village to minister to its needs. The building up of a co-operative credit organisation in India, based though it is on self-help, depends on public support and sympathy which should be forthcoming for such a deserving cause.)

4. Organisation

Speaking of Indian agriculture, (there is practically no organisation to meet the changed economic conditions. The lack of organisation is its most potent defect.)

The exploitation of the agriculturist by the middle-man is easy because the farmers are absolutely unorganised both as producers and as consumers.

The Jute Problem in Bengal

It is common knowledge that nowhere else in the world jute is grown, that (the Bengali ryot has a monopoly of the) world's jute supply, and ~~that~~ the whole world demands a considerable

quantity of jute at a fairly high price every year. This position of supremacy which the world gives to Bengal brings to the door of every Bengali ryot great wealth. This wealth can be his, only if he knows how to take it. Blinded by ignorance and crippled by lack of organisation, he allows that wealth to be taken away from him in his presence by the great number of middlemen and by the numerous flourishing jute-mills in the country.)

(By reducing the acreage of jute and by controlling the supply of jute through a marketing organisation of their own, such as a *Co-operative Jute Wholesale Society, consisting of the jute-growers in the province*, this 'untold' wealth of the Bengali peasant can be secured to him for his enjoyment. The position would then be reversed. Now the unorganised peasant has to accept almost any price offered to him by the middlemen and by the mills. With a great producers' organisation to support him, the peasant will dictate his price to the middlemen and to the mills because he knows they cannot do without his supply of jute.)

But the pioneer work in organisation which requires disinterested service and leadership must come from the educated youngmen of the country. It is they to whom the Bengali ryot, in his woe and misery, looks up for his salvation.

What has been said of jute is also true, though it may be in a lesser degree, of many other products.

Suggestions for improvement

The only way in which the agriculturists may protect themselves against the greed and the unscrupulousness of the middleman is by co-operative organisation. It is co-operation again which can protect the poor Indian ryot from the clutches of the mahajan. The spread of education, at least the removal of illiteracy, is however a necessary condition for an intelligent understanding of the problem and its solution on co-operative lines. Great emphasis must, therefore, be laid on primary education being widely diffused among the masses.

What the Government has done for the improvement of Indian agriculture

(1) The Government has organised *agricultural research* which is the basis of agricultural progress. It

has also promoted scientific agriculture. The *Imperial Council of Agricultural Research* guides and co-ordinates such research and scientific work in India.)

(2) (The Government also maintains a few *schools and colleges* for agricultural education in India.)

(3) (The Provincial Departments of Agriculture also carry on *demonstration and propaganda* in their respective provinces.)

(4) (The Government has tried to check, though unsuccessfully, the fragmentation of land by legislation.)

(5) (The Government has also arranged with the District Boards for the *treatment of cattle-diseases*.)

(6) (The Government is also growing alive to *other needs of agriculture in India, e.g., communications and marketing, village sanitation, rural industries and labour*.)

(7) (But the substantial government achievement in the way of India's agricultural progress is in the provision of *irrigation facilities*, particularly, in the Punjab, Bombay and the United Provinces.)

(8) (Lastly, the Government has tried to solve the very crucial problem of *agricultural finance* in India by the *official support and encouragement it gives to the co-operative credit movement in India*.) Its earlier efforts in that direction by the grant of agricultural loans (*takavi*) have failed.

But more should have been done by the state for agricultural education, rural health and sanitation, development of transport and markets and encouragement of industries subsidiary to agriculture.

Conclusion

The improvement of Indian agriculture lies broadly in the removal of the drawbacks of Indian agriculture already considered (under the heads of the four factors of production—land, labour, capital and organisation).
(‘Of all the factors making for prosperous agriculture by far the most important is the outlook of the peasant himself’.)

‘The other limiting factors in India are finance and leadership.’

(To overcome the inertia of centuries, it is essential that all the resources at the disposal of the state should be brought to bear on the problem. Agricultural prosperity cannot be secured by the half-hearted measures on which the state has embarked to-day. Public sympathy has to be kindled, public interest has to be roused, public support has to be enlisted for the great cause of agricultural reform in India.) The state should not stop half-way but should march boldly forward.

(The essence of agricultural reform in India, according to Prof. Brij Narain*, lies in

(1) *the diversion of surplus agricultural labour to manufacturing industries* by the adoption of an intensive policy of industrialisation.

(2) *the ‘nationalisation’ of land, and*

(3) *more active participation of the state in agriculture.*



Summary.

The most important Indian industry is agriculture which maintains directly and indirectly nearly 90% of the people.

Though it is the main industry it lags far behind that of other countries.

The defects and difficulties of Indian agriculture may be noticed under the four heads :

- (1) Land—difficulties as regards *water, manure and fragmentation.*
- (2) Labour—the principal difficulties are *illiteracy, conservatism and pessimism.*
- (3) Capital—the *absence of cheap credit facilities.*
- (4) Organisation—the *entire lack of organisation* is the most potent defect of Indian agriculture.

Government measures for the improvement of Indian agriculture :

- (1) *The Imperial Council of Agricultural Research,* (2) *schools and colleges of agriculture,* (3) *demonstration and propaganda,* (4) *veterinary provision,* and most important of all, (5) *irrigation* and (6) *finance, mainly through co-operative credit.*

The essence of the reform of agriculture in India lies in

- (a) *the development of manufacturing industries* to absorb the surplus population now living on land;
- (b) *nationalisation of land;*
- (c) *more active participation of the state in agriculture;*

Questions.

1. 'Though agriculture is the primary industry of India yet it lags far behind that of other countries'. Why is Indian agriculture backward? Can you suggest measures for its improvement? (C. U. 1926).
2. Discuss the main causes of the poverty of the Indian peasant. What remedies have been proposed or adopted for the amelioration of his condition? (C. U. 1930).
3. What steps have the Government taken to improve agriculture in India? (C. U. 1927).
4. What are the main drawbacks of agriculture in India? Suggest some important measures for its improvement. (C. U. 1931).

CHAPTER IV

AGRICULTURAL INDEBTEDNESS IN INDIA

'The agriculturist in India is born in debt, lives in debt and dies in debt.'

The Extent of the Debt

(*The Famine Commission of 1880 reported that one-third of the agricultural classes were deeply and inextricably in debt and that at least an equal portion were in debt though not beyond the power of recovery. The Commission of 1901 came to the conclusion after an enquiry in Bombay that less than one-fifth of the people was free from debt—the rest were in debt.*)

And most of this debt is contracted for unproductive purposes.

(*The amount of the debt has been estimated at various figures. One estimate—that of Sir Dinshaw Wacha—is 500 crores. The most recent and authoritative estimate is that of the Banking Enquiry Committee which places the rural indebtedness at about 900 crores. It is widely believed that the indebtedness has gone on increasing and it is sometimes argued that the growing indebtedness is due to the increasing poverty of the people. The money has been lent at various rates of interest, the average being 25 per cent—the highest on record is 1340 per cent.*)

Let us now examine the causes of agricultural indebtedness in India.

The importance of the problem of agricultural indebtedness.

The most serious evil does not lie merely in its huge amount nor in the high percentage of India's indebted population.

(‘In India the problem has assumed exceptional importance, not because indebtedness has been exceptionally great nor because it has been due to increasing poverty but because it has been accompanied by exceptionally disastrous effects. The Indian borrower has borrowed at exorbitant rates for mostly unproductive purposes and stands little chance of ever freeing himself from the debt burden. *In India indebtedness is permanent.*’

In other countries, even in the U. S. A., the farmers borrow but they borrow for productive purposes at economic rates and for temporary periods.)

Causes of Agricultural Indebtedness

(1) *The Indian agriculturist has a precariously narrow margin of existence.* It has been estimated that out of every five years one is good, one is bad and the other three are indifferent. In a good year he has sufficient to eat but not sufficient to save. In bad years he must, therefore, go to the money-lender.

The precariousness of his existence comes from—

- (a) *the uncertainty of rainfall,*
- (b) *an excessive dependence on land as the sole means of subsistence—in most cases there being no alternative or supplementary occupation,*
- (c) *there being more men trying to live on the land than it can maintain—overcrowding in agriculture.*

(2) To this must be added *the easy borrowing facilities offered by the wily money-lender which lead to other causes of indebtedness such as—*

- (a) *the purchase of land on credit,*

(b) *borrowing at high rates of interest in excess of their productive requirements,*

(c) *the extravagance and the thriftlessness of the cultivator.*

(3) *The inordinate love of litigation* is another fruitful source of agricultural indebtedness in India.

(4) Lastly, the peasant's debt burden increases because of *uneconomic production* due to—

(a) *the cultivation of small, uneconomic plots—fragmented and subdivided under the laws of division and inheritance of property in the country,*

(b) *the absence of any producers' organisation which would secure fair prices for the produce of their toil and industry,*

(c) *the heavy burden of the land tax in India.*

Remedies

The remedies should be sought in—

(1) *increasing the cultivator's margin by the provision of irrigation facilities and by the provision of alternative and supplementary sources of income, e.g., development of cottage industries),*

(2) *more economic production through a consolidation of holdings, a proper organisation of producers and a reduction of taxes and, most important of all,*

(3) *the provision of cheap credit, so essential to Indian agriculture, but with thorough safe-*

guards. In this lies the most important solution of the problem of agricultural indebtedness in India.

[By the curtailment of the peasant's right to sell or mortgage his land as in the Punjab (The Punjab Alienation of Land Act, 1900) the state is trying to check the evils of indebtedness such as dispossession from land by the moneylender.]

1. Cheap government advances

The Government have, sometimes, helped the cultivators with *takavi loans* under the Land Improvement Loans Act of 1883 and the Agriculturists' Loans Act of 1884. But the *takavi* loans have not proved very popular nor have they been sufficient.

2. Co-operative credit

The stupendous problem can best be solved by co-operative efforts. The extension of co-operative credit on the Raiffeisen plan in India bids fair to furnish the most satisfactory remedy for agricultural indebtedness in India.

Summary.

'The agriculturist in India is born in debt, lives in debt and dies in debt'. The debt is often unproductive and is incurred at high rates of interest. It therefore grows and crushes the peasant with its heavy burden.

The causes of agricultural indebtedness are

(1) *the precariously narrow margin of existence of the cultivator due to*

(a) *uncertainty of rainfall;*

(b) *excessive dependence on land;*

(c) *the operation of the law of diminishing returns;*

(2) *the easy borrowing facilities given by the mahajan leading to—*

- (a) *purchase of land on credit;*
- (b) *borrowing at high rates;*
- (3) *the habits of litigation;*
- (4) *uneconomic production due to*
 - (i) *'fragmentation' of land;*
 - (ii) *lack of organisation;*
 - (iii) *the burden of the land revenue.*

The remedies lie in (a) *increasing the cultivator's margin,* (b) *more economic production* and (c) *the provision of cheap credit with thorough safeguards.*

Cheap credit is at present being given by *co-operative credit societies.*

Questions.

1. Consider briefly the agricultural indebtedness in Bengal and suggest methods for removing this evil. (C. U. 1929).
2. Enumerate the causes of indebtedness of the Indian peasant.
3. Indicate the main causes of agricultural indebtedness in India, and suggest methods for alleviating the burden. (C. U. 1932).

CHAPTER V

CO-OPERATION AND THE CO-OPERATIVE MOVEMENT IN INDIA

Whenever a number of persons come together in order to secure a common object by joint effort they are said to co-operate.

But Co-operation in Economics has a more precise meaning.

What is co-operation

(Co-operation is "the association of individuals to secure a common economic end by honest means."^{*)})

The aim of co-operation

(The aim of Co-operation is to secure the material, and through the material, the moral advancement of the people.

Co-operation aims at "better business, better farming and better living.")

Fundamental principles of co-operation

(i) The principle of free association.

The members of a co-operative society associate voluntarily. There is no compulsion, for compulsion cannot make a man a true co-operator.

(ii) The principle of proximity.

* Co-operation in India—C. F. Strickland.

The society is strictly local. The success of a co-operative society depends on mutual knowledge and understanding among the members. The members must be people who have proximate or common interests because of a common locality (village or town) or of common business interests.

(iii) *The principle of equality.*

A co-operative society is an association in which all members have the same status. No member is allowed to have more than one vote.

(iv) *The principle of solidarity.*

The motto of co-operation is "all for one and one for all". The members stand or fall together.

(v) *The principle of economy.*

A co-operative society is not a club to which people who are well off come for recreation. It is an association of small, humble people such as cultivators or artisans who by their joint efforts try to secure their common economic welfare. To secure that end a co-operative society should not only practise the virtues of thrift and economy but should also inculcate those virtues among its members.

(vi) *The principle of peace.*

Underlying co-operation is another great principle—that of peace.*

Co-operation is the way of peace and not the way of strife. By eliminating the middleman, the money-lender and the capitalist producer, co-operation brings peace in place of strife and discord.

* Laws and Principles of Co-operation—Calvert.

Qualities necessary in a co-operator

For the success of a co-operative society the members must have certain qualities. These qualities have been already hinted at in discussing the principles of co-operation. We may note them more definitely in the following manner :

- (a) Intelligence. (The co-operator must be intelligent enough to understand the principles and the working of the society.)
- (b) Honesty. (The co-operator must be honest in his dealings with the society. For instance, he should not deliberately delay the repayment of the loan he has taken, nor should he misappropriate anything belonging to the society.)
- (c) Thrift. (The co-operator must not be extravagant. For instance, he should borrow for productive purposes only so that he may be able to repay his loan in due time.)
- (d) Fellow-feeling. (Last, though not the least, the co-operator must not be guided by self-interest. He must learn to sacrifice for the common good.)

Different forms of co-operation

There are different forms of co-operation. Co-operation may be tried both in production and in consumption.

Cultivators and artisans may have different kinds of needs.

When their need is to secure a better market for the goods they produce, they may set up a Co-operative Sale Society.

When they want to buy articles at reasonable prices, the Co-operative Purchase Society comes to their aid.

When they want loans at low rates of interest, they can have the Co-operative Credit Society.

The fundamental principles of the co-operative credit system

(i) Proximity. The society is a local one. Its members are persons living in the same area, and its activities are confined to the area from which the members are drawn.

The principle of proximity is insisted upon because of the necessity of intimate and first hand knowledge.

(ii) Economy. A co-operative credit society cannot afford to be extravagant and must practise economy.

(iii) Security. The loans should be well-secured. They should be granted for productive purposes alone. Large reserves should be built up to enable the society to tide over temporary difficulties.

(iv) Solidarity. The members are jointly liable for any amount borrowed by the society. The security of an individual member with small means may be too weak to induce any bank to lend, but when the members are jointly liable the joint security becomes strong enough to induce investments.

(v) Facility. The members are mostly cultivators or artisans. They cannot pay any heavy interest, neither can they repay the loan within a short time. So they must be offered easy terms—loans must extend to long periods, repayments should be by easy instalments and the interest should be low.

(vi) Thrift. The society to be a useful institution must encourage habits of frugality and thrift.

The need of co-operation in India

On account of poverty, ignorance, and want of foresight, the Indian ryot often borrows money. As the

government has not been able to provide for proper credit facilities, the ryot is driven to the mahajan who is none too sympathetic. The 'mahajan' is a usurer by profession. He often charges $37\frac{1}{2}$ per cent. interest *plus* compound interest *plus* false accounts. He also encourages extravagance and improvidence by lending to poor people for unproductive purposes as on festive occasions.)

(Thus the indebtedness of the ryot grows from year to year. His difficulties are further increased because "what he produces he sells to a middleman, what he buys he buys from a middleman at a price dictated by the middleman.")

(*The solution of the poverty and indebtedness of the Indian ryot lies in Co-operation—in the elimination of the mahajan and the middleman*)

History of its origin

(The suggestion of this form of economic salvation for the indebted peasantry came first from Sir Frederick Nicholson more than thirty years back. He had been to Germany to study the progress of co-operation there. He came back with the German remedy which he put in two words, 'Find Raiffeisen.'

This Raiffeisen, a philanthropist and social reformer, found the German peasantry demoralised through the crushing burden of debt. He infused new life in them, freed them from their debts, made them healthy and prosperous by the establishment of co-operative credit societies among them. The type of society he founded goes by the name of the Raiffeisen society.)

The Progress* and Development of the Co-operative Movement in India.

The development of the Co-operative Movement in India is to be traced to the Co-operative Credit Societies Act of 1904. It provided for the establishment of credit societies in villages on the Raiffeisen model.†

The credit society, composed of the villagers themselves, provides the ryot with the finance he really needs at a reasonable rate of interest and checks extravagance and improvidence among the members.

Societies, on the model of Schulze-Delitzsch Societies of Germany, were also established under the Act in towns and cities for the relief of the distress of the poor artisans.

In 1912 the Co-operative Societies Act was passed providing for the establishment of non-credit societies, e.g., co-operative health, insurance, building, sale and purchase societies and also for central societies and banks. In 1915 the Report of the Maclagan Committee was published reviewing the progress of Co-operation in India and

*** The progress of the Co-operative Movement in Bengal**

In 1928-29, the number of societies in the province was about 23000, with a membership of 7½ lakhs and a working capital of nearly 15 crores. Of the 23000 societies, 19000 were agricultural credit societies (mostly *village banks*), two-thirds of their capital being borrowed from the Central Banks. Besides the ordinary types, e.g., *village banks, urban banks*, there are in the province *fruit sale societies*, handicapped by faulty organisation followed by hasty and ill-conceived administrative action, *paddy sale societies, irrigation societies, milk societies, artisans' societies, fishermen's societies, weavers' societies, silk societies, zemindari societies, anti-malarial and public health societies, and house-building societies* some of which are doing really useful work.

† Features of a Raiffeisen bank:—

(1) Unlimited liability, (2) Proximity, (3) No entrance fees, (4) Honorary offices, (5) Loans granted on personal security for productive purposes, (6) No dividends, (7) Small value of shares, if issued at all.

suggesting lines for future advance. Formerly Co-operation was a central subject in charge of the Government of India and the Acts of 1904 and 1912 were All-India legislation but by the Government of India Act of 1919, Co-operation became a provincial subject and the responsibility for the development of Co-operation and Co-operative legislation was transferred from the Government of India to the ministers and legislatures in the provinces. Since 1921 the provinces which acquired this new responsibility have vied with one another in the race for Co-operative development. In this progress the Punjab, Bombay, Madras and Bengal have taken the lead.

Co-operative societies in India numbered in the year 1929-30 nearly 104,000 with a membership of 42 lakhs and a capital of Rs. 90 crores. This progress has been achieved in only a quarter of a century.

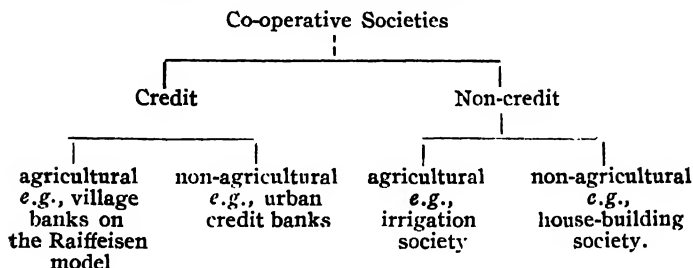
In credit, co-operation has made a great and rapid advance ; in sale and purchase, however, it has not yet attained any substantial success.

In the furtherance of health, education, and irrigation in Bengal, in the consolidation of holdings in the Punjab, in the maintenance and construction of roads, and in rendering assistance to agriculture generally co-operation has been of great benefit to the country.

The last few years have been a period of work for consolidating the movement. Little expansion has been possible mainly because of the general economic depression in the country. Financial difficulties have also led the Government rather unwisely to withhold, in part, its support to the movement.

The Minority Report of the Central Banking Enquiry Committee takes a somewhat pessimistic view of the progress of Co-operation in India.

Different kinds of Co-operation in India



(Co-operative societies are firstly either (i) *credit societies* or (ii) *non-credit societies*. Again, they may be (i) *agricultural societies* or (ii) *non-agricultural societies*. Further they may be (i) *primary societies*, (ii) *central societies* or (iii) *provincial societies*.)

(The credit societies may be for agriculturists in villages or they may be for small artisans in the towns.)

(The agriculturist has, besides the need of cheap credit, the need of water, manure, cattle, economic holdings, a market for his produce and stores from where he can buy his requirements reasonably cheap. And for these respective needs he can have the co-operative irrigation society, manure and seed purchase society, cattle purchase society, consolidation of holdings society, sale society, purchase society—all instances of agricultural non-credit societies and of how the agriculturist in India can be benefited by co-operation.)

(The societies in India are mainly of the agricultural type and that very naturally because the population is predominantly agricultural.)

(But India has also made notable advance in non-agricultural co-operation—both in credit societies and non-credit societies.)

(For the small artisans there is the credit society ready to advance cheap credit as for the petty clerk there is the house-

building society ready to build his house cheap on terms convenient to him. Other instances are health, education, and insurance societies.)

(The *primary societies* in the villages occupy the base, the *central societies* the middle and the *provincial society* the apex of the provincial co-operative structure.)

(As individuals strengthen their credit by co-operation, so do the village banks strengthen theirs by joining a *Guaranteeing Union*, or a *Supervising Union* or a *Banking Union*. These unions serve as the *connecting links* between the village banks and the Central Banks in the district towns and for the *supervision and guarantee of credit*. They bring to the villages the funds they need from the towns but which they could not obtain before because of the absence of a guarantee of their credit.)

(The Central Banks again strengthen their position by having the Provincial Co-operative Bank at their top with its office in the provincial capital. They transfer their surplus funds to the Provincial Bank which has also access to large funds available in the city, and which feeds the central banks and through them the co-operative banks in the villages. There is thus a sort of irrigation of credit from the main stream, the Provincial Bank, through its distributaries, the Central Banks and the Village Banks, to the people.)

The organisation of a village credit society

(Any association of ten persons who have attained majority can apply for registration and form themselves into a village co-operative credit society. The applicants and future members must belong to the same village or to the same tribe, caste, or occupation. No member is to hold more than one-fifth of the shares and the total value of an individual member's share is not to exceed Rs. 1,000. One-fourth of the profits is to be carried to the reserve fund. Liability is to be unlimited.)

(No member is to have more than one vote. The management of the society is in the hands of the members themselves who elect from among themselves every year a managing committee to do the work. The members of the managing committee do not

receive any remuneration for their services. The management is thus honorary and democratic.)

(Government have the right of (1) compulsory inspection and audit and (2) compulsory dissolution of a society, if necessary.)

The financing of the village societies

The *village banks* are financed by (1) *share capital*, (2) *deposits*, and (3) *loans from outside*. The loans, in fact, are the most important part of their finance. Since the village banks found it difficult to borrow advantageously from the general money market, *an elaborate co-operative credit structure* has been erected in every province to finance the activities of the village banks. Over the Village Banks are the Central Co-operative Banks which are primarily to lend financial assistance to the village societies. The *Central Banks* again obtain most of their finance or loan from the Provincial Co-operative Banks located in the provincial capitals. The *Provincial Bank* obtains all its finance from the chief money market of the province.)

The advantages of village banks

(1) *Proximity*, which is as much an advantage to the borrower as it is to the lender, (2) *cheap credit* because of the relatively small expenses of the village banks, (3) *checks on frauds and extravagance on the part of borrowers* because of their local and direct influence, (4) *enjoyment of local confidence, which attracts local capital* that is retained in the village for its own profit and advantage, (5) *a link between the government and the people* in many important matters of administration, e.g., agricultural reform, health measures, encouragement of village industries, relief of scarcity and famine, (6) *the steady educative influence* in self-help, thrift and corporate activities, (7) *the fostering of the democratic spirit and ideal* by their insistence on equality and the development of individual capacity, public life, and national character.)

Benefits of co-operation in India

(Great moral and material progress of the people has been secured within a short time. Co-operation has led

to a revival of the happy corporate life of the villages. It has eliminated the 'mahajan' and has checked improvidence and indolence. It has encouraged thrift and industry. It has brought education, and has substituted arbitration in place of reckless litigation.)

(The decline in litigation, the elimination of the mahajan, the introduction of education, and the promotion of thrift and industry have all made for rural uplift in India by lessening the evils of agricultural indebtedness and improving the peasant's general outlook on life.)

The Future

(In some parts, as in Bengal, health problems are being solved through co-operation (Co-operative Anti-Malaria Societies), in the Punjab fragmentation of land is being remedied by co-operation (Consolidation of Holdings Societies). In other parts, the solution of the problems of irrigation, housing and education has also been tried through co-operation)

(In a poor country like India, co-operation has great possibilities in these spheres as also in others. For instance, cottage industries may be revived through co-operative efforts.)

(The progress of the co-operative movement is dependent among other things on the progress of primary education among the masses. The expansion of the movement must, therefore, be preceded by a great and rapid improvement in the education of the masses.)

(To make co-operation a success, the state and the people should come more enthusiastically to its support.)

Summary.

'Co-operation is the association of individuals to secure a common economic end by honest means'.

The aim of co-operation is *better business, better farming, and better living*.

The fundamental principles of co-operation are : (i) *free association*, (ii) *proximity*, (iii) *equality*, (iv) *solidarity*, (v) *economy*, and (vi) *peace*.

The qualities necessary in a co-operator are : (a) *intelligence*, (b) *honesty*, (c) *thrift*, (d) *fellow-feeling*.

Some forms of co-operation are : (1) *Sale*, (2) *Purchase*, and (3) *Credit Societies*.

The fundamental principles of the co-operative credit system are (i) *proximity*, (ii) *economy*, (iii) *security*, (iv) *solidarity*, (v) *facility*, and (vi) *thrift*.

In India co-operation has made rapid strides within the last 25 years. The most successful type is the rural credit society on the Raiffeisen model.

Questions.

1. State the fundamental principles of co-operation. In what different ways has the co-operative movement helped to remove the agricultural indebtedness of India? (C. U. 1926).
2. Explain fully the organisation of a rural co-operative credit system? What qualities are required for its success? (C. U. 1929).
3. Explain fully the organisation of a rural co-operative credit society. What qualities are required in the villagers for its success? (C. U. 1931).
4. Indicate the various lines on which the co-operative system of India has benefited the country. (C. U. 1932).
5. Trace the development of the Co-operative Movement in India. (C. U. 1934).

CHAPTER VI

LAND REVENUE SYSTEM

Importance

The land revenue system of India is of great importance to us. Land is the principal, if not the only, source of living for many of us as it is one of the chief sources of the revenue of our government. We shall do well, therefore, to know under what conditions land is held in India.

Land Revenue System

(In India, from time immemorial, the state has been entitled to a share of the produce of the soil. Formerly, that share was a share of the grain-heap of the cultivator)

(Later, 'Todar Mal introduced cash payments on the basis of the periodic assessment of land-revenue according to the fertility of the soil.) The British have followed a policy mainly on the lines of the Moguls.

' The property in land

(Absolute property in land is vested in no one, not even in the Bengal zemindars. All classes connected with the land, *e.g., the state, the zemindar, and the ryot, possess certain rights*)

(The superior and ultimate rights in land must be deemed to be vested in the state as the sovereign. The state also happens to be the landlord over the larger part

of the country. The theory of state landlordism is thus in vogue in India.) The present revenue system has evolved in course of time through an extraordinary variety of circumstances.

Land Tenures

(The tenures in India are broadly of two kinds (a) *ryotwari*, and (b) *zemindari*.)

(Over half of the area of British India, the State deals with the *ryots* who hold land directly from the State, there being no intermediary. This is known as the *ryotwari tenure*.)

(In the *ryotwari tenure*, the *ryot* or the cultivator has the right to cultivate land which is both heritable and transferable but the State has the right to a 'share' of his produce, i.e., *land revenue*. This land revenue is paid direct to the state by the *ryot* in *ryotwari areas*.)

B. Zemindari tenure

(The type of tenure in which the state has created or recognised a *zemindar* to act as an intermediary landlord between itself and the *ryot* is known as the *zemindari tenure*.)

(Over the other half of British India *intermediaries* of one kind or another exist. They may be *individuals* (as in Bengal, Behar, North Madras, and in Oudh), or they may be *groups of individuals* (as in the joint proprietary villages of the Punjab). In all such cases, the *intermediaries* are responsible to the government for the *land revenue*.)

{ In the *zemindari* tenure, the land is held by the *zemindar* (e.g., *an individual or a group of individuals*) who pays the revenue to the state. }

{ The cultivator or the *ryot* holds it *indirectly* through the *zemindar* to whom he pays rent } The *zemindar* is thus the intermediary between the *ryot* and the government.

The two tenures

{ The *ryotwari* tenure carries with it only a *right of occupancy*, heritable and transferable, but the *zemindari* tenure is a *property*. }

The *ryotwari* or the peasant proprietary system prevails in Bombay, Madras, Assam, and Burma. The *zemindari* or the landlord system is to be found in Bengal, Behar and Orissa, the United Provinces, the Punjab (village communities*), and the Central Provinces. }

Land settlements

{ A *settlement* may be defined as the assessment by revenue officials of the land revenue due to the government from all land except that which is held *revenue-free*. The assessment is done after a detailed survey, classification, and valuation of land and an enquiry into the rights of all persons interested therein }

The principle of assessment

{ There is no fixed nor any uniform principle of assessment in India, and Settlement Officers in India have been given wide

* A system of land tenure which is of a communist type is to be found in some parts of the Punjab. Here the tenure is held not in the name of individuals but in the name of the village as a whole. "The community is treated as jointly and severally liable." All the land is held in common and the proceeds are thrown together and divided among the sharers by village custom

discretion to assess land revenue on the basis of an enquiry into local conditions.)

(The rule of assessment that was adopted in the year 1855 in the settlement of Saharanpur, and which later came to be regarded as the model, is to limit the revenue demand in the ryotwari areas to $\frac{1}{4}$ of the net produce of land and in the zemindari areas to $\frac{1}{4}$ of the net assets or net income from the estate. This rule is known as the Saharanpur Rule.)

Now the question arises : for what periods lands have been settled in India ?

(Bengal, Behar and Orissa, and certain parts of the U. P. and Madras (or roughly one-fifth of British India) have been *permanently settled*.

The remaining parts have been *settled temporarily* for 30 years (in Bombay, Madras, and the U. P.) and for 20 years (in other places).

Thus there are two kinds of land settlements: (1) *permanent settlement* and (2) *temporary settlement*.)

The Permanent Settlement

(The Permanent Settlement was concluded in Bengal in 1793 with two main objects in view : (a) the fixity and the security of the land-revenue, and (b) the improvement of cultivation. By it, the *zemindars have been made proprietors of the soil*, but they are *limited proprietors* because they are (1) subject to the payment of a *revenue fixed in perpetuity* and also (2) *subject to the legal and customary rights of the tenants*.)

(Under the Permanent Settlement, the lands were settled with zemindars for a sum of revenue which would remain unalterable for ever. If any zemindar failed to pay this fixed revenue demand punctually, his estate

would peremptorily be sold by auction by the government in realisation of its dues.}

Criticism of the Permanent Settlement

(In its origin the Permanent Settlement was a *benevolent blunder* of Lord Cornwallis based on too great a trust in the good sense of the zemindars of Bengal. In its result the Permanent Settlement has imposed great obstacles on the future progress of the country.

It subjected almost the whole of the lower classes of Bengal to most grievous oppression. It has involved a sacrifice of the future revenues in Bengal—a loss estimated at about 4 crores a year. It has locked up capital in land and has thus checked the industrial and commercial development of the province. By its sweeping provisions it robbed the ryots of whatever rights they had in land. It has also been responsible for the growth of an absentee and parasitic class of landlords whose only interest in land is to live on the fat of the land.

'The zemindari system is at the root of the poverty of the Bengal peasant.')

Temporary Settlements

Temporary Settlements are, however, fairer on the whole. Periodic reassessment of the value of the produce of land might help in removing hardships and inequalities.

But short period settlements have this defect that they dislocate and paralyse agricultural operations. The period should therefore be neither very short, nor very long.

The general feeling in India is in favour of long periods but not in favour of permanent settlements.

Tenancy Legislation in India

The broad aim of tenancy legislation in India has been to confer on the tenants throughout India the privileges of *fair rent*, *fixity of tenure*, and *free transfer*. The present laws do not allow

arbitrary enhancement of rent, nor arbitrary ejectment from land and provide for free transfer of land by inheritance, sale, gift or mortgage.

Summary.

The land tenures in India are mainly of two kinds : (a) *ryotwari*, to be found chiefly in Bombay, Madras, Assam and Burma, and (b) *zemindari*, as in Bengal, B. & O., the U. P., the C. P.

The land settlements are either (1) *permanent*, as in Bengal, or (2) *temporary* as in Bombay.

The Permanent Settlement of Bengal has been much criticised in recent times.

Questions.

1. Briefly describe the system of land-tenure in India.
2. What do you know of the Permanent Settlement? Should it be revoked?
3. 'The zemindari system is at the root of the poverty of the Bengal peasant'. Do you agree with this statement? Give reasons for your answer. (C. U. 1934).

CHAPTER VII

FAMINES AND FAMINE RELIEF

What is a Famine?

Famine is commonly understood to mean extreme scarcity of food.

Famines in India

Even in the worst year enough food is grown in India to meet the needs of the entire population.

It is tragic, therefore, that people in India die of hunger, not because there is no food in the country but because the people have no money to buy that food.

*In India, there is a famine of money, not a famine of food.**

Causes of Famines

A. Economic causes

The economic causes of famines are to be traced to the general poverty of the people.

The agricultural people in India are among the poorest in the world. 'In good years, the Indian cultivator has nothing to hope for except a bare subsistence, in bad years he falls on public charity.' He cannot save for the 'rainless' day.

* Prof. S. C. Ray on Famines in India.

The abject poverty of the Indian people is due among other causes to the following :—

(a) *an increase of population* without a corresponding increase in the production of wealth ;

(b) *the excessive dependence on agriculture* which is overcrowded and, in India, is beyond the control of man and is chiefly subject to the vagaries of nature ;

(c) *the heavy land tax* operating harshly on the people in the famine areas, and

(d) *the proverbial improvidence of the ryot.*

B. Physical causes

(a) *Uncertainty of rainfall* is a very important cause.

In India most lands (80% of the cultivated area) are without any irrigation facilities. They depend exclusively on rainfall, which, in India, is erratic and uncertain.

Rain must not only be *sufficient*, it must also be *timely* which it is *impossible to ensure* since Nature is not subject to man.

The immediate causes of famines arising out of this *are :*

(i) *drought or failure of rains,*

(ii) *excess of rains.*

In either case there is a failure of crops.

(b) *Lack of proper transport facilities.*

Till recently, *internal communications were meagre*, making difficult the transport of the surplus food of one province to another. Roads and railways which have now been constructed for linking the important grain-centres

of India with the ports often only facilitate *exports of food-stuffs from the country.*

(c) *Ravages by animals.*

The black rat consumes grain to the value of 15 crores of rupees a year. The monkey, the peacock, the pig, the pigeon, and the locusts also destroy a large portion of the crops whose annual value must be considerable.

The Horrors of Famines

(Sir Theodore Morison has adduced ample historical evidence of the horrors of famines. With a famine, whole cities and districts were left bare of inhabitants. "The corpses at the corner of the streets lie twenty together, nobody burying them." Pestilence followed famine.)

(The Orissa famine of 1865-67 cost a million lives. One-third of the people in Orissa died of hunger, not because there was no food in India but because food could not be conveyed to them in time.)

Famine was the bogey of the Indian Administration for a long time.

(Three-fourths of the Indian people get their daily bread from agriculture which is the prime industry. A stand-still of that industry due to a drought or to an excess of rains would introduce a problem that involves the life and death of well over 200 millions.)

Remedies

The remedies lie in the removal of the economic and physical causes of famines,

A. Economic

The first step in fighting famine will be to alleviate the general poverty of the people. Attempts should be made in all possible ways to increase the production of wealth and the income of the ryot.

(a) *(The pressure on land should be lessened to what the land can actually bear. To do this, occupations are to be multiplied. Manufacturing as well as cottage industries should be encouraged.)*

(b) *Migration, specially from over-populated areas, should be encouraged. Labour should be encouraged to be mobile.*)

(c) *The land tax should be reduced to a point where it is just the economic rent of land and no more.*) The ryot should be granted all facilities, including credit facilities, to improve his land and his general condition.

(d) *Uneconomic social habits as well as love of litigation are to be vigorously discouraged.)*

B. Physical

(a) *An even and sufficient supply of water is the first of conditions that ensure agricultural success. India suffers to a large extent both from drought and from excess of rain. As for the first, the remedies are irrigation, and afforestation, and for protection against the ravages by the second, India needs a carefully planned system of drainage.)*

(b) *Transport facilities are to be multiplied. Areas which are specially susceptible to famine should be linked by roads and railways with other parts of the country so*

that supplies of food may be easily transported in case of a famine.

(c) *The seriousness of the ravages made by wild animals and rats should be sufficiently realised.* The problem is difficult to solve because some of the enemies of crops in India are considered sacred by the Hindus who would rather lose their crops than kill a monkey.

How Famine has been fought

Famine in India brings such great suffering to the multitude that, from the times of our early Hindu kings* down to our own days, the state has felt impelled to take measures of its own.

Government famine measures

Frequent famines in India, under British rule, have led the government to devise *measures* (1) *remedial* and (2) *relief*.

(1) Preventive or remedial measures

(a) The two most effective measures have been the construction of *protective railways and irrigation works*.

A crop failure in a province can now be met by a quick transport of food by rail from another province which has had a good harvest. This transport work has been further facilitated by the construction of roads where roads did not exist.

The arid famine tracts of Rajputana have been connected by railways with the important grain centres of India such as Bombay, Karachi, Lahore, Delhi, Agra.

* The following measures are suggested by Chanakya :—
(1) remission of taxes, (2) emigration, (3) state grants of loans and grains, (4) irrigation works, e.g., lakes, tanks, wells, (5) importation of grain.

The construction of irrigation works has brought a sure and steady supply of water to the cultivator, relieving him of much anxiety and distress as in the case of the cultivators in Sind.

(b) The activities of the Agricultural Departments have helped the people to resist famines with greater ease.

(c) *The preservation of forests* is another wise step taken by the government.

Forests store rain-water for the country in the form of moisture in the soil.

(d) *Loans to agriculturists* form another government remedy. These loans are granted for agricultural improvement and also for the relief of the cultivator in distress (*takavi loans*). They have not, however, proved very successful.

(e) *The land revenue administration has been made more humane and elastic.*

In a year of scarcity there is generally a *suspension of revenue collection*; in a year of famine, there is the provision for a *remission of revenue*.

But these are mere palliatives.

The revenue demand is high and oppressive and must be moderated to bring real and permanent relief.

(f) The whole of India has been covered, as a result of government enterprise, with a net-work of *co-operative credit societies* which have mobilised rural credit and strengthened the peasantry.

(g) The Government also sets apart annually a sum of money as insurance against famines. The *Famine*

Insurance Grant is utilised in the construction of protective works as also in the actual relief of famines.

B. Relief measures

Besides the general remedial measures discussed above, the government has a standing famine-relief programme to be followed when there is an actual outbreak of famine.

The rain forecasts are studied with great anxiety and the actual progress of the rains followed with keen interest. When signs of a famine are noticed, the actual machinery is put into operation.

(a) *The famine policy is declared* and the support of non-officials is enlisted in the relief work.

(b) There is a *suspension* or if necessary a *remission of land-revenue*. Loans are advanced by the government.

(c) *Lists* are prepared of persons requiring government relief.

(d) *Test works* are opened to test the severity of the famine. If large numbers of people come to the test works the stage of test is passed.

(e) These works are then converted into *relief works*. *Poor-houses* are opened to give gratuitous relief to the aged and the infirm and the children. The able-bodied are generally employed in relief works, e.g., *construction of roads, canals, railways, etc.*

(f) With the approach of the rains the people are transferred from the main relief works to works nearer their villages so that they may attend to their cultivation in their spare time. Loans are advanced to the cultivators

for the purchase of seeds, cattle, and agricultural machinery. When the crop is harvested in autumn the works are generally closed.

(g) The medical and sanitation staff is kept in readiness to deal with the epidemics of diseases which generally follow in the wake of famines.

Summary.

Famine means extreme scarcity of food. But in India there is never any scarcity of food.

In India famine is a famine of money, not of food.

The *causes of famines* are

(a) *economic as well as*

(b) *physical.*

The *economic causes* are centred in the general poverty of the people.

The *physical causes* are (i) *the uncertainty of rainfall*, (ii) *lack of transport facilities*, and (iii) *ravages by animals.*

The *remedies* of famines are likewise twofold (a) *economic* and (b) *physical.* The *economic* remedies are to be found in general measures for the *alleviation of the poverty of the rural masses.*

The *physical* remedies are (i) *irrigation*, (ii) *afforestation*, and (iii) *development of transport facilities.*

Famine has been fought by (a) *preventive or remedial measures*, as also by (b) *relief measures* when there has been an actual outbreak of famine.

Questions.

1. Indicate the causes of Indian famines. (C. U. 1926).
2. Indicate the causes of Indian famines. What steps have been taken to fight them? (C. U. 1927).
3. What is a famine? Explain the measures that are adopted in India to prevent and to combat famines. (C. U. 1929).
4. What are the principal causes of famines in India? Describe briefly the measures adopted for their prevention and relief. (C. U. 1931).

CHAPTER VIII

IRRIGATION, TRANSPORT AND OTHER MEANS OF COMMUNICATION

IRRIGATION

Its importance

(It is impossible to exaggerate the importance of irrigation in India which is primarily an agricultural country with a rainfall that is unequal, uncertain and often very scanty. It is of special importance in Sind, the Punjab, the North-West Frontier Province, Madras, the United Provinces, Behar and Orissa.) Besides its importance to agriculture, irrigation where it is done by canals helps to increase transport facilities by providing waterways. So the economic importance of irrigation is twofold.

Irrigation has been practised in India for a very much longer time, more universally and on a larger scale than in any other part of the world.

•

Extent and method of irrigation

The total area irrigated is nearly 60 million acres (1925-26). Still, the area under irrigation is only 1/5th of the area cultivated in India and the government has been criticised for not spending more on irrigation especially in comparison with what they have spent on the railways. Government irrigation works have earned an

average profit of 7 to 8 per cent. whereas railways have not earned even half as much.

Besides the government irrigation works, there are also private irrigation works of considerable importance.

(Irrigation methods in India are primarily of three kinds :—

(1) *Wells*

(2) *Tanks*

(3) *Canals*

Well irrigation is to be found mainly in the U. P., the Punjab, Bombay, Madras and Behar. In the U. P. tube-well irrigation is an important and interesting innovation.

Tank irrigation is confined mainly to Madras.¹

Canal irrigation is found, more or less, in nearly all the provinces. (Irrigation canals may be of two types—perennial and inundation. Inundation canals obtain a supply only when the parent stream is in flood. They are less efficient and less expensive than perennial canals.)

Productive, Protective and Minor Works

For the purpose of determining the source from which the funds for the construction of government works are provided, they are classified under three heads: (a) *productive*, (b) *protective*, and (c) *minor works*.

(*Productive works* are those which, within ten years of the completion of construction, earn a revenue sufficient to cover working expenses and interest charges on the capital cost. Most of the longer irrigation systems in India belong to the productive class.)

Protective works are constructed primarily with a view to the protection of precarious tracts and to guard against the necessity of famine relief expenditure. They are not meant to bring revenue.

Minor works are those works which do not fall under either head, productive or protective.}

The need for more irrigation works

The need for more irrigation works cannot be overemphasised in India. 'The irrigation works have made for security of life, they have increased the yields and the value of the land and the revenue derived from it. They have lessened the cost of famine relief, and have helped to civilise whole regions. In addition they now yield a handsome profit to the Government.'

Under the Reforms of 1919 Irrigation has become a provincial subject with provincial responsibility for its development—the progress in irrigation since 1921 has been particularly rapid and impressive.

MEANS OF TRANSPORT AND OTHER COMMUNICATION

The industrial and commercial prosperity of a country depends, to a very great extent, on the facilities of transport and communication which it enjoys.

Transport

In a large country like India transport is of vital concern. Goods and passengers have to travel hundreds of miles. Raw materials have to be gathered from every direction and commodities have to be sold in every corner of the country. Transport facilities must be cheap and quick. Otherwise the economic development of the country, particularly the development of the industries, will suffer.

RAILWAYS

1. Railways

(In modern times the railways provide the most important means of inland transport.

Over all lines in British India the Government of India exercise general powers of control. Also, the Government of India have a financial interest in all Railway Companies in British India and a principal interest in most of the important railways.)

The total railway mileage in the country is 41,000 miles, the total railway capital is 831 crores and the total annual gross earnings are 119 crores approximately.

Ownership and management of Indian Railways

The ownership and management of the Indian railways are mainly vested in the state which exercises its control over Indian railways through the Railway Board consisting of the Chief Commissioner, the Financial Commissioner and two other members.)

Besides (1) *state ownership and state management* as in the case of the E. I. R.,

(2) *state ownership and company management* as in the case of the B. N. R.,

there is also (3) *company ownership and company management* as in the case of the B. N. W. R.

There are also (4) *native state railways, e.g., the Nizam's Railways*)

The mixed system of railway management in India (e.g., in the case of the B. N. R.) has been largely condemned as complicated, cumbrous, conservative, wasteful, extravagant and bureaucratic. Indian opinion

in favour of state ownership and state management of railways in India under popular control.

Classification of railways

Railways in India have been classified as below according to the objects which they serve :

- (1) *Commercial Railways*, which have helped forward the development of the trade and industry of the country and also the movement of traffic both inward and outward ;
- (2) *Protective Railways*, which have been constructed in areas peculiarly liable to famines for the purpose of protecting them in the event of an outbreak of famine by cheap and speedy transport of foodstuffs from the important grain centres of India ;
- (3) *Strategic Railways*, which have been built specially in the north-western and in the north-eastern frontiers of India, for the purpose of defence against any foreign invasion from across the Himalayas and the borders of Afghanistan.)

Effects of railways in India and their benefits

Political and administrative

The efficient administration of a vast country like India, its security in times of internal disorder, and defence from external aggression, all require a highly developed system of railway communication which can minimise distance and provide for easy and quick movements of officials and troops. The strength of the Government of

India is not a little due to the Indian railways traversing the whole land.

Social

The villages have been brought by railways into closer touch with the towns and cities. Men's minds have broadened. The influence of old usage and custom has declined.

Economic

1. The effects of railways on *industry and trade, both internal and external*, have been great:—

Beneficial effects—

- (a) The railways have helped towards a better distribution of population, people from the more congested areas migrating to the comparatively thinly populated parts ;
- (b) The easy movement of labour has contributed to the progress of industries ;
- (c) The railways have equalised prices in the different parts of India. The markets of internal trade have been vastly enlarged ;
- (d) The railways have helped in the development of Indian industries by providing easy and cheap facilities for the transport of both coal and raw materials for production as well as for the distribution of finished goods ;
- (e) The railways have given a great impetus to the engineering industries ;
- (f) The railways have also been the means of the great development of our foreign trade.

Injurious effects—

(g) The railways have, however, done an injury to our indigenous industries. The importation of cheap foreign products has dealt a death-blow to many of our cottage industries and has rudely disturbed our rural economy ;

(h) Again, the rise of prices in the country is due, in the main, to the opening up of markets, inland and foreign, by railway communications in India.

2. The railways, particularly, the protective railways, having provided for the speedy transport of foodstuffs have *lessened the horrors of famines*.

3. The railways have *injured the health of the people* in areas like Bengal where they have *disturbed the natural drainage* of the country and have brought in malaria and other diseases.

2. Waterways

The chief inland waterways of India are furnished by the three great rivers, the Indus, the Brahmaputra and the Ganges with their numerous tributaries. The facilities offered by canals are not negligible. The importance of waterways, however, is not the same everywhere.

Waterways in Bengal

We have a network of waterways (the channels and tributaries of the Ganges and the Brahmaputra) whose importance is very great. They not only furnish abundant *facilities of transport*, but their use as *fertilisers* is also very great. Again, the health of rural Bengal depends very largely on the drainage provided by her waterways.

The inland waterways of Bengal have suffered from neglect. Some of them have changed their course, many others have silted

up and large sections of others are difficult to navigate or are unnavigable because of the growth of water-hyacinth.)

(The revival of the waterways of Bengal can be brought about only by heroic efforts on the part of the Government. The opening up and development of water-ways in Bengal are conditions vital to the progress of the province.)

Relative importance of railways and waterways

1. (Railways supply speedy transport whereas transport by water is slow.)

2. (Waterways have this advantage over the railways that they not only furnish means of transport but they also irrigate and fertilise land. While railways only distribute, waterways produce as well as distribute.)

3. (Railways often disturb the natural drainage of a country which leads to the spread of diseases like malaria. But waterways, by facilitating drainage, help in the improvement of the health of the people.)

4. (Also, from the point of view of state finance, waterways are more paying than railways are.)

3. ROADS

(Road transport in India is in an unsatisfactory state. Many of the capital cities of the provinces are not connected with the district headquarters by motorable roads. Many villages and even subdivisional towns have also no connection by road with their headquarters. The country requires a network of arterial and feeder roads for the purpose of the development of trade and industry.)

(Indian roads may be classified into—

- (1) *arterial roads*, maintained by the provincial governments, which traverse whole provinces, e.g., the Grand Trunk Road ;
- (2) *feeder roads*, maintained by the district boards, connecting the more important places in the districts ;
- (3) *village roads*, maintained by local and union boards. The village roads are often mere tracks which can be used only in dry weather.

(Roads are primarily the concern of provincial governments and local bodies, and under the Reforms their up-keep and maintenance have become one of the 'transferred' subjects.)

(Following the recommendation of the Indian Road Development Committee, a Road Board has been set up in each province to provide for a continuous and systematic development of roads.) •

Road development in India

(Despite the extensive railway system, there are wide tracts in the country which are still untouched by the railways.

• The need for road development along with railway development as a necessary concomitant of the country's economic and cultural progress was not so clearly recognised before, as it is recognised now. ,

(The intensive development of motor transport is bringing about a social and economic revolution in the country the full implications of which cannot yet be clearly foreseen ; but it is certain that the Motor Age is likely to have an even more profound effect upon the lives and habits of the ordinary people than the Railway Age.)

(The road motor, by its greater range and mobility, is bound to bring about a great transformation in rural India, not only by enabling the ryot to market his produce to his greater advantage but also by enlarging his range of interests and his outlook on life through contact established with the social and political movements outside.)

The Royal Commission on Agriculture drew attention to the senseless and wasteful competition between rail and motor transport and urged that railways and roads should co-ordinate and co-operate and not compete.)

THE OTHER MEANS OF COMMUNICATION

Among the other means of communication may be mentioned, *posts, telegraphs, telephones, aviation and radio broadcasting.*

4. *Posts and Telegraphs*

(The control of the Indian Posts and Telegraphs is vested in the Director General of Posts and Telegraphs who is subordinate to the Government of India in the Department of Industries and Labour.) For postal purposes, India is divided into 9 circles of which 8 are under the Post Masters General under whom are Deputy and Assistant Post Masters General.

The Post office

(The influence which the Indian Posts and Telegraphs Department exercises as an instrument of civilisation in this country by providing it with all the modern, though somewhat expensive, facilities of communication with the civilised world is indeed very great.)

(The Post Office business is transacted by more than a million of Postal Officials serving in more than

20 thousand Post Offices working one and three-fourth million miles of mail line.

The Post Office not only does the postal work in the country but it also tries to develop the banking habits of the people through the Savings Banks attached to Post Offices. It also co-operates with the public health authorities by selling government quinine, with a view to combating malaria in the villages.

The Indian Postal Department has also inaugurated an *air mail* service to speed up inland and foreign mails. This service can be used by the public by paying a little extra charge.

The telegraph and the telephone

{ The telegraph department was formerly separate from the postal department but the two departments are now amalgamated. The telegraph department not only sends and receives *inland and foreign telegrams* but it is also responsible for the *reception and transmission of wireless messages*. The telegraph department has also developed a system of telephonic communication in India by connecting the important cities of India with the help of trunk lines. *It is now possible for a man in Calcutta to speak on the telephone to Delhi, to London and practically to all parts of the world.*

The departments are not primarily revenue-earning departments but they are maintained to render postal, telegraphic and telephone services to the people at the lowest possible rates. }

Wireless broadcasting

{ *Wireless broadcasting* has immense practical use and great educational value in India where most people cannot read or

write but can understand what they hear. Its progress has however been so far disappointing.

There are only two broadcasting stations in India—in Calcutta and in Bombay. The quality of the programmes—of both the educational and the entertainment sections—is far from satisfactory and leaves much room for improvement.

Aviation

Aviation in modern times is also of great importance to us. Flying by air has eliminated time and distance. It is, besides its military importance, of special significance in a big continental country like India.

Already in many of the leading cities in India civil aviation clubs have been established where Indian ladies and gentlemen are learning to fly. The rapidity of the development of aviation in India has been remarkable.)

Summary.

Irrigation is of great importance in India.

Irrigation in India is of three kinds: (a) *wells*, (b) *tanks* and (c) *canals*.

The *means of communication* in India are (1) *Railways*, (2) *Waterways*, (3) *Roads*, and (4) *Posts and Telegraphs*.

The Indian Railways are almost all owned by the state.

There are three classes of railways in India—(i) *commercial*, (ii) *protective*, and (iii) *strategic*.

The *effects* of railways in India may be studied under the three heads (a) *political and administrative*, (b) *social* and (c) *economic*.

The *waterways* are furnished mainly by the three rivers, *the Indus, the Brahmaputra and the Ganges with their numerous tributaries*.

The *roads* in India are not well-developed. They have been classified into (i) *arterial roads*, (ii) *feeder roads* and (iii) *village roads*.

Road development in India is fraught with great social and economic consequences. The Motor Age is likely to have a more profound effect on the country and on its people than the Railway Age had before.

The posts and telegraphs are fairly well-developed and well-managed.

Questions.

1. 'Railways are an important factor in the economic development of a country'. Explain. (C. U. 1926).
2. Discuss the influence of railway development in India—on Indian industries and her internal and external trade. (C. U. 1928).
3. Discuss the relative influence of railways and waterways on the economic condition of the rural areas of Bengal. (C. U. 1930).
4. Discuss the influence of the development of the railway system in India upon (a) the rural economy of the country and (b) its foreign trade. (C. U. 1932).

CHAPTER IX

COTTAGE INDUSTRIES

Half the people of India do not know what it is to have two meals a day. Poverty and hunger are unmistakable and chronic in the land. And no wonder when we are told that 'the ploughing, sowing, transplanting, weeding, reaping and threshing can engage a cultivator on an outside estimate not more than 90 days of 8 hours each in a year.'

In a *normal* year, the cultivator has an annual average income of Rs. 36/- and can be employed for only 3 months. In an abnormal year, he loses even this paltry income and this scanty employment.

Indeed, the root of the poverty of India and of the consequent decay of Indian life is in the famine of employment. For 9 months in the year, even in a normal year, the cultivator must stay idle in his home because there is no work for him.

The prosperity which India enjoyed in the past can be revived if occupations, supplementary or alternative, can be given to men in villages.

And the most important step in this direction lies in the revival of cottage industries on which stress has been laid by Mahatma Gandhi and Sir P. C. Ray.

Cottage industries in India must have an important place in any scheme of national economy because of the

employment it can offer to the starving, unemployed and under-employed millions of India.

What is a cottage industry?

(A cottage industry is an industry that can be carried on in the worker's home.

The work-place is the worker's cottage itself, the capital is small and the labour is supplied by the worker, his wife, children and other dependents. The craft is often hereditary.

Some 'home' or 'cottage' industries

The principal cottage industries in Bengal :

1. Handloom-weaving

Handloom weaving continues to be the principal cottage industry not only of Bengal but also of India.

It gives occupation (according to the Report of the Industrial Commission, 1918) to near about ^{3.6 millions} ~~3 millions~~ of men who earn the gross income of 50 crores of rupees a year.

Handloom weaving has survived the deadly competition of the mills and maintains its existence, as the coarse cloth is still in demand in the country because of tradition, sentiment, and a widespread belief that it is more durable than mill-made goods.

Where the craft and the individual skill of the cottage weaver are in demand as in the production of goods of fine texture and high artistic merit (e.g., Santipur cotton sari, Murshidabad silk, Kashmir shawl, Benares sari), the handloom has got the better of the machine.

Besides, the handloom weaver has low costs due to his low standard of living and to his utilisation of family labour.

2. Brass and bell-metal work

Brass and bell-metal work is also another important cottage industry of Bengal, specially in the Presidency and Burdwan divisions. The bidri work of Murshidabad and the bell-metal work of Khagra are quite famous.

3. Cane and bamboo work and matting

Cane and bamboo-work and matting also constitute another important cottage industry pursued in many parts of Bengal. The products of Midnapur, Jessore, and Tipperah deserve special mention.

4. Ivory, conch-shell and mother of pearl work as also horn, button and comb making

These are other important cottage industries which should find a mention. The horn industries of Jessore, the conch-shell industry of Dacca, the ivory industry of Murshidabad should be specially mentioned.

5. Lace-industry

Lace-making is another cottage industry which has come into prominence recently. Lace-making is done chiefly in Darjeeling, Hooghly, and the 24-Perganas.

Besides, there are other small cottage industries very widely prevalent such as *smithy, pottery, basket-making, making of fishing-nets*.

The cutlery of Kanchannagar and the pottery of Krishnagar are exceptionally good.

The Indian cottage industries, *wood-carving, shawl-making, carpet-weaving*, enjoy considerable reputation at home and abroad.

Other lines which can be tried successfully as cottage industries are book-binding, cigar and cigarette-making, biscuit-making, canning and condiments, hosiery, umbrella and soap making.

Cottage industries subsidiary to agriculture

A distinction may be drawn between *cottage industries which provide whole time occupation*, e.g., smithy, pottery, silk-weaving and bell-metal work, and *cottage industries which may provide part-time work and may be taken up as subsidiary to agriculture*, e.g., weaving (to some extent), rope-making, rice-husking, oil-pressing, sugar or gur-making, cigar or cigarette-making.

The difficulties of cottage industries

Among the difficulties of cottage industries may be mentioned

- (1) the lack of technical education;
- (2) the lack of capital which drives the workers to borrow from the mahajan who absorbs the greater part of their earnings;
- (3) the lack of cheap power and necessary tools and machinery;
- (4) the ignorance of market conditions and the lack of marketing facilities;
- (5) lack of public support and lack of state aid and encouragement.

Steps for the improvement and the development of cottage industries

The cottage industries of the country may be developed and improved as a whole by *an extension of (a) the demand for and (b) the supply of cottage products.*

A. The extension of demand

The extension of demand lies primarily in the stimulation of a refined and elegant taste in the higher classes of our society who have taken to things foreign, and mostly vulgar and cheap, to the intense injury of the national life and national ideals.

Let them turn more largely to our cottage industries as they are turning to-day to our own music, painting and philosophy. Their example would be followed by large masses. In India we have an immense home market ready to be developed for our cottage industries. If that market is opened once more to our cottage workers, the cottages would again be humming with industry. The villages would be resurrected from their present moribund condition to health, contentment and prosperity.

B. The extension of supply

The extension of supply lies in (i) the extension of cottage industries such as spinning and lace-making in areas where people live in forced idleness, and

(ii) in the introduction of new cottage industries such as match industry, tobacco industry, dye industry, canning and condiment industry (preparation of jams, jellies, chutneys, etc., and preservation of fruits specially mangoes and pineapples).

For the improvement of cottage industries the following measures should be adopted :

(a) *the extension of primary education which should be supplemented by*

(b) *a survey of the possibilities of local industries and dissemination of useful technical knowledge and*

commercial information relating to such industries as have good chances of success. *Stipends* have to be given to those who deserve higher technical education.

(c) *Demonstrations* and *exhibitions* have to be arranged, and *sale-rooms* and *museums* are to be established in the principal cities of the world to popularise Indian cottage industries. Arrangements have to be made for the marketing and sale of the products of cottage industries.

(d) *New and improved patterns, tools and implements, and methods of production* have to be adopted as suggested by Indian experts with knowledge of Indian markets.

(e) Arrangements have to be made for the *supply of cheap raw materials* of good quality, *improved tools and implements, simple and inexpensive machinery*.

(f) *Cheap credit* has to be arranged.

The Agency

The agency for the development and improvement of cottage industries must, in the main, be the government departments of Agriculture, Industries and Co-operation which must work in co-ordination and must be more in touch with the people.

At present the people derive little benefit from the work of the Department of Industries which should receive much wider publicity. The marketing side is also not well looked after. Cottage industries find it more and more difficult to compete with manufactured goods, swadeshi and foreign. The necessary finance should be made available to the cottage industries. Designs have to be selected for them and the necessary tools and raw-materials provided on easy terms.

(a) Government can substantially aid in the matter of education, publicity and marketing.

(b) But the cottage workers must find in co-operation

the cheap credit they desire. They should also establish purchase and sale societies on co-operative lines.

(c) Non-official agencies might also help in rousing public opinion to the need of the development of cottage industries and in popularising them.

Summary.

A *cottage industry* is an industry that can be carried on in the worker's home.

The *principal home industries of Bengal* are (i) *hand-loom weaving*, (ii) *brass and bell-metal work*, (iii) *cane and bamboo-work and matting*, (iv) *ivory, conch-shell and horn work*, (v) *lace work*.

The *development of cottage industries* lies (a) *in the stimulation of the demand for cottage products*, and (b) *in the extension of cottage industries such as spinning to areas where people live in forced idleness* and (c) *in the introduction of new cottage industries such as the match industry*.

Our *cottage industries* have to be improved by (i) *primary education*, (ii) *industrial surveys followed by the spread of technical knowledge and commercial information*, (iii) *the holding of demonstrations and exhibitions, and the establishment of sale-rooms and museums*, (iv) *the adoption of new and improved patterns, tools and implements*, (v) *the supply of cheap raw materials and cheap credit to the cottage workers*.

Questions.

1. Indicate the various ways in which you can develop the cottage industries of India. (C. U. 1968).
2. Name some of the home industries of Bengal. What steps would you propose for their improvement? (C. U. 1929).
3. Enumerate some of the principal cottage industries of Bengal which can be carried on as subsidiary to agriculture. Suggest how best they can be fostered or preserved. (C. U. 1932).

CHAPTER X

MANUFACTURING INDUSTRIES

Importance

Besides agriculture and cottage industries, India has her manufacturing industries, which, in point of importance, come next to agriculture. The increase in the national prosperity shall lie, in future years, mostly in our progress in manufacturing industries.

Conditions of industrial progress

Broadly, the conditions of industrial progress of a country are :

- (i) access to natural resources (ores and minerals, power, etc.),
- (ii) supply of labour,* both skilled and unskilled,
- (iii) supply of capital required for industry,
- (iv) supply of business and industrial leadership.

Indian industrial backwardness

It is indeed sad that in this machine age there is no machine in India to make nails or screws although we use millions of nails and screws every year. The shuttle of the cottage weaver, the tools of the planter and the agriculturist, and the machine tools of the factory owner have all to be imported from outside before they can be used.

Such is the industrial backwardness of India.

Causes of the industrial backwardness in India

(In India we have vast natural resources a teeming population and the 'fabled' hoarded wealth of India. Why should we then be backward industrially?)

On an examination of the conditions of industrial progress we find we have large natural resources with an abundant supply of labour.

(i) But *we have left the exploitation of our natural resources* such as coal, gold, and petroleum, *to foreigners.*

(ii) There is an abundant supply of unskilled labour but *skilled labour*, which is more important, *is comparatively scarce.* Poor education* and poor physique, due mostly to poor wages, account for the low efficiency of Indian labour.

(iii) Our wealthy men look shyly at our industries. And the men with 'brains' cannot work out their schemes for the *shyness of Indian capital.* There is, according to some, *also a shortage of capital in India.*

*** Industrial education in India**

'The supreme need of the country is for managers and foremen, for pioneers and entrepreneurs. Indian sentiment is not willing to content itself with foreign leadership in India.'

The spread of primary education and technical education, disappointing though their progress has been in the past, coupled with the diffusion of general knowledge and the knowledge of economics and the sciences in the various colleges and universities of India will lay the true basis of industrial education in India and will furnish the country with a class of business men fit to direct and control its economic development. The profitable manufacturing industries will in time attract the talents and brains of our young men who to-day seek politics and the learned professions as their careers in life.

them may be mentioned the iron and steel industry, the cement industry, the paper industry, the cotton industry, the match industry and the sugar industry.

Imperial Preference

The policy of protection which India adopted as a result of the *fiscal autonomy* or independence which she gained after the War has been qualified in recent years by the introduction of *imperial preference*.

Imperial Preference means the preference of Empire goods, *e.g.*, *British goods* to goods from outside the Empire, *e.g.*, *Japanese goods*. India has granted preference to British goods, *e.g.*, *cotton textiles and steel*, by admitting them on specially favoured conditions. The import duties on them are much lower than the import duties on Japanese and German goods.

Imperial Preference is thus a protection granted to the empire industries—the cost of this protection (the higher prices of goods) is borne by the Indian consumers for the benefit not of the Indian producers but of the British and other empire producers. It is advocated because it would secure closer economic and political unity of the Empire in peace and war. It is very widely opposed in India because India cannot grant this preference without substantial loss and injury to herself.

State assistance to industries

The state assistance to manufacturing industries in India has been given in the following manner :

• (1) The State has started *pioneer or demonstration factories*, *e.g.*, the tanning industry, and by proving the possibilities of success has handed over the control and ownership to private individuals for a nominal consideration.

(2) The State has, by its *stores purchase policy*, now shown a preference for Indian goods where they are available.

(3) In the *Department of Industries* in every province the State maintains a bureau of industrial research and information about the industrial possibilities of the province concerned.

(4) The State has been trying to meet the deficiency in the supply of trained engineers and managers by *the award of technical scholarships* to Indian students for technical study abroad.

(5) The State has also been granting *protection* to Indian industries, *e.g.*, iron and steel, from foreign competition by the levy of *high import duties* on steel imported from foreign lands.

(6) The State has also, in deserving cases, been giving *bounties* to Indian manufacturing industries.

Foreign capital in India

The importance of the supply of capital for the industrial development of a country cannot be overestimated. But India lacked this prime requisite of industrial development in that *the capital in the country was not only scarce but also shy.*

Hence at the beginning of her industrial career India had to borrow foreign capital and the total investments of foreign capital in India have been variously estimated from 800 crores to 1500 crores. Indeed, it may be said that *modern industrialism in India owes its inception to foreign capital.*

The factory industry was introduced in India about the middle of the last century. At that time people in India had not quite realised the possibilities of industrial growth in the country. But the foreigners were not slow to perceive that India with her rich store of raw materials would be able to attain rapid industrial growth. Hence, there followed an inflow of foreign capital and enterprise. The jute industry and the plantation industries, *e.g.*, the tea, coffee, indigo plantations developed rapidly with foreign capital and under European management.

There can thus be little question that the forward move towards industrialism in India was begun by Europeans. But it is important to remember that these foreigners did not come out to India without any motive of their own.

But the unrestricted admission of foreign capital in India has not been an unmixed good.

India has need of foreign capital and is ready to pay the price but she should not pay what is more than necessary or fair.

The unrestricted employment of foreign capital has created powerful vested interests in banking, shipping, insurance, tea, jute, coal, gold and petroleum industries from which Indians have been all but shut out. The foreign capitalist not only takes away large sums by way of interest on his capital but also takes away crores of rupees on account of profits of the enterprise. India is willing to pay the interest but why should not the profits be conserved in the country? The danger of foreign capital is particularly great in the mining industries because the stock of minerals is limited.

The state should, in these circumstances, undertake the defence of the national interests by insisting on incorporation of companies in India with rupee capital, association of Indians with their management and enterprise and the provision for training of Indian apprentices.

But these reforms are being opposed by foreign capitalists who have acquired vested interests and who want safeguards for their interests—safeguards so that the new national government in India might make no discrimination against them. The White Paper admits the necessity of these safeguards and our national government will be helpless in this matter and will have to acquiesce silently in the foreign exploitation of the country if the safeguard proposed is endorsed by the British Parliament.

Foreign capital, when it is unrestricted, thus means not only economic bondage, it may also lead to political bondage.

The principal manufacturing industries

The principal manufacturing industries in India are the following:

(1) *The cotton industry* which is mainly localised in

the Bombay Presidency is in Indian hands. Cotton and woollen mills are to be found in various other provinces as well.

(2) *The jute mill industry* which is localised in Bengal is dominated by foreign control and management.

The government policy of protection has fostered the growth of

(3) *the iron and steel industry*, mainly located in Bihar and Orissa. The 'Tatas have their Iron and Steel Works at Jamshedpur which rank among the best and the biggest in the world.

(4) *the paper industry*,

(5) *the cement industry*,

(6) *the match industry and the sugar industry* which have recently been 'protected' and have attracted considerable Indian capital and enterprise. Other important industries are *leather and tanning, chemicals and glass*.

Besides, India has a few important *mining industries*, e.g., *coal, gold, petroleum and manganese*.

Labour conditions in Industries

Persons employed in industries are only 10% of the population—those employed in the organised industries are even less than 1%.

We have all the evils of early European factory conditions—over-crowding, immorality, drunkenness, gambling, indebtedness, debasement of the mind and the body.

The sources of labour employed in mills and factories, specially in Calcutta, Bombay, Rangoon, Jamshedpur and Cawnpore are the villages. The migration of labour to the industrial towns takes place under economic and social pressure in the villages. The Indian labourer seldom breaks his contact with the village

which is his home. His association is periodically renewed with the ultimate aim of comfortably settling down in agriculture in the village. *Industrial labour is thus not permanent but floating, not truly industrial but agricultural at its core.*

The causes of the low level of efficiency of industrial labour in India

Industrial labour in India is generally inefficient. Women operatives of Japan are more efficient workers than the men in Bombay or Ahmedabad. The causes of this inefficiency are (1) *physical*, (2) *social*, (3) *industrial*, (4) *mechanical*.

The poor efficiency of the Indian worker is due to his *poor physique*. But poor physique is due to *poor wages—poor food, bad housing, no sanitation. Early marriage, unambitious outlook, migratory nature* all alike contribute to the inefficiency of Indian labour. *Lack of industrial training and apprenticeship and the use of obsolete methods and machinery of production* are also equally responsible.

An *improvement* can only come through *higher wages, better housing, leisure and recreation, factory ventilation and improvement and reorganisation of the plan and methods of industry. Compulsory and free primary education followed by education in trade or technical schools would also increase the efficiency of Indian labour.*

To remedy the evils the state has enacted labour legislation, prudent employers have started labour welfare schemes and the workers have organised themselves into trade unions. Strikes became far too common in the period just after the War. Now it seems labour is consolidating and strengthening its position before it begins to fight for its rights.)

Large scale and small scale production in India

The development of India's resources demands large scale operations without which it would be difficult to compete with powerful foreign rivals. The economies of large scale production are many.

But the elimination of the cottage worker is not necessary for the development of large scale production in India. Toys in Germany, watches in Switzerland, silk in Japan, cutlery in

Sheffield, hosiery goods in Nottingham are still made in the home and not in the factory.)

(Factory life with its strain, congestion, immorality and ill-health, hard work and iron discipline is repugnant to most Indians—cottage life is more attractive to them.)

(The crying needs of India to-day are a *diversity of occupations* and *spare-time occupations* for our ryots who live in forced idleness. They can find employment only in cottage industries. The question is therefore not one of antagonism between large-scale production and small-scale production. The one should supplement the other.)

Summary.

Broadly, *the conditions of industrial progress of a country are* : (a) *access to natural resources*, (b) *supply of labour*, (c) *supply of capital* and (d) *supply of business and industrial leadership*.

India is industrially very backward because of (a) *a scarcity of skilled labour*, (b) *the shyness and shortage of capital*, (c) *the relative scarcity of industrial leadership* and (d) *the former laissez-faire policy of the government*.

The present policy of the government is 'discriminating protection' for Indian industries.

The principal Indian manufacturing industries are (1) *the cotton mill industry*, (2) *the jute mill industry*, (3) *the iron and steel industry* and (4) *paper, cement, match and sugar industries*.

Questions.

1. What, according to you, are the conditions necessary for the industrial progress of a country? Do they exist in India? (C. U. 1929).
2. What do you think should be the attitude of the Government of India towards industrial development in India? (C. U. 1929).
3. Why are Indian industries backward? How can you improve them?
4. What has the Government done for the industrial development of India?

5. Discuss the importance of industrial education in India.
6. Discuss the question of large scale and small scale production in India.
7. Estimate critically the part played by foreign capital in Indian industrial development. (C. U. 1930).
8. Write a note on the Indian Tariff Board. (C. U. 1927).
9. Discuss briefly the causes of the low level of efficiency of industrial labour in India. (C. U. 1934).

CHAPTER XI

THE TRADE OF INDIA

The development of trade and commerce depends on the facilities of rail, road and water-transport and on the country's general economic progress. In India, rail-transport is much more developed than road or water-transport. The Indian railways have been so spread that they encourage the growth of India's foreign trade more than her internal trade. Water-transport is neglected in India.

Inland Trade

India's inland or internal trade must be considerable because of the size and population of the country. It is at least double the volume of the foreign sea-borne trade and is worth nearly 1250 crores

Foreign Trade and its chief characteristics

(The total sea-borne foreign trade of India 1930-31 was valued at 430 crores.)

Exports

[The exports amounted to 230 crores while the imports were worth only 200 crores. In India the normal feature is that the exports are in excess of the imports.

Even at the beginning of the 19th century India exported manufactures of fine quality silk and cotton goods. Gradually food-stuffs and raw materials (*e.g.*,

cotton, jute, oilseeds, hides and skins and rice, tea and wheat) replaced manufactures in her export trade. Indians began to resent this and with the development of Indian industries *there has been an important and welcome change in its nature—an increase in the export of manufactured goods, e.g., cotton and jute manufactures.*

Nevertheless some features of the export trade are still unsatisfactory. (1) A number of articles, e.g., raw hides and skins, are exported raw which could have been manufactured in India. (2) The export of some, e.g., oilseeds, is to be regretted because it deprives India of its use as an article of diet and manure. (3) The export of food-stuffs is also to be deplored when the people who produce them are starving.)

Imports

(While India exports raw-materials and food stuffs she imports primarily manufactured goods which form nearly 80% of the import trade of India. India has to depend upon her imports for a large part of her clothing. Other important imports are woollen and silk goods, glass, paper, metals, sugar and salt.)

Trade with Principal Countries

In recent years there has been a noticeable decline in imports from Britain whereas imports from Germany, the U. S. A., and Japan show an increase. Britain has lost her share not only in the import trade but also in the export trade though Britain has still the largest total share in India's foreign trade. Japan is at present making a bold bid for India's markets.

The Balance of Trade

India has almost invariably a favourable balance of trade. For part of the excess of her exports over imports she receives payment in bullion, gold and silver, which she imports almost every year—*she is 'the sink of Precious metals'*. For the rest there is no direct payment—it goes to liquidate India's 'home charges' amounting to nearly £30 millions a year. 'The Home Charges are payments to be made in Britain by India on account of army and marine services, interest charges, purchase of stores, pensions and leave allowances of officers in England, and the India Office expenses.

Summary.

India has a vast inland and foreign trade. India's inland trade is double the volume of her foreign trade.

Her foreign trade is with all the principal countries of the world—amongst whom *Britain, Japan, and Germany* are most important.

India *imports* primarily manufactured goods, and *exports* principally raw-materials and food-stuffs. The exports are usually in excess of the imports leaving the balance of trade in favour of India.

Questions.

1. Point out the chief characteristics of India's foreign trade.
(C. U. 1934).

CHAPTER XII

INDIAN CURRENCY AND BANKING

The Indian currency system

The gold exchange standard

{Before the War India had a currency system commonly known as *the gold exchange standard*.* In that system *the silver rupee* was the medium of exchange and measure of values for *internal purposes* ; for *external purposes* gold could be had in exchange for the rupee and the rupee for gold. The exchange value of the rupee in gold or its foreign exchange value was fixed by the Government of India which undertook to supply gold in exchange of rupees and rupees in exchange of gold at a fixed value.

{This the government was able to do with the help of its reserves of gold in London known as the *Gold Standard Reserve* and reserves of rupees in India chiefly in the *Paper Currency Reserves* and in the treasuries.}

The sterling exchange standard

{After the War there have been numerous and important changes in the Indian currency system. Among them the most important is the linking of the

* *The essentials of the gold exchange standard were*

(a) the use of two currencies, one for local and the other for international purposes, and

(b) a mechanism to maintain the value of the local currency in terms of the international.—*Chabiani*.

rupee to the English sterling by which the Indian currency system has come to be on *the sterling exchange standard*.

Formerly the rupee was convertible freely into gold, now it is convertible only into sterling or English currency which is itself not freely convertible into gold. The rupee has thus no fixed gold value now.)

The gold bullion standard

The Royal Commission on Currency and Exchange (The Hilton-Young Commission) has recommended* the establishment of the *Gold Bullion Standard* in India. The Government of India is committed to the establishment of the gold Bullion Standard as soon as conditions would permit. In the Gold Bullion Standard,† the silver rupee will be convertible not into *gold coins* but into gold metal or *gold bullion*. The rupee will have, by law, a fixed gold value and gold bars would be available freely and for all purposes in exchange of silver rupees or notes in quantities of not less than 260 fine ounces.)

The Indian Currency

The Indian currency consists of

(a) *coins, the silver rupee (which is a token coin and is also the standard money in India) and subsidiary coins*

* The other recommendations of the Commission relate to (1) the ratio of exchange between the Indian and the English currency, (2) the establishment of a Reserve Bank of India.

† The Indian currency system under the gold bullion standard will have all the *essential features* of the gold standard: (1) a fixed gold value, (2) free convertibility into gold, and (3) free export and import of gold.

(e.g., the half-rupee, the quarter-rupee, the two-anna bit, the anna bit, the pice and the pie), and

(b) *paper notes* (convertible into silver rupees) of different denominations (Rupees 5, 10, 50, 100, 500, 1000, 10,000).

Banking in India

! Banking in India is done by

(1) *the native Indian bankers*, the mahajan and the sahukar,

(2) *the Indian joint stock banks*,

(3) *the European exchange banks*, and

(4) *The Imperial Bank of India*.

The Government is also a big banker in India. Banking operations are also carried on by the thousands of *co-operative banks* in the country.

The Mahajan

(The village mahajan has usually a very bad reputation for his usury. He performs *important services* as the purchaser of the produce of the village, as the agent of some big European firms, as the village shopkeeper and most notable of all as the village banker or moneylender.)

(The Indian mahajan deals principally in lending rural credit and in financing the internal trade of the country. Until he can be adequately replaced, the aim of the reformer should be to limit the powers of mischief of the mahajan and to reform him if possible.)

The Indian Joint Stock Banks

(The Indian joint stock banks are organised on the model of the European banks and have followed western methods of banking. The development has been slow because of many

reasons—amongst which are our backward banking habits, government indifference, public apathy and foreign competition.

The future of Indian banking will depend largely on the establishment of local joint stock banks of the smaller size. The State should actively encourage and foster the growth of joint stock banking in India.

The European Exchange Banks

All the banks in India which deal in foreign exchanges and which finance her foreign trade are non-Indian.

This has its consequence. India's exchanges and foreign business controlled by the foreigner and the Indian wishing to do business with foreign countries does not get the same facilities from the exchange banks which they offer to the European. The Indian is, therefore, under a handicap under the present conditions. The foreign banks have now extensive business in connection with India's internal trade also. The existence of foreign banks involves the loss of trading and banking profits to India.

Since foreign banks have in the past acted adversely to India's interests it is proposed to regulate foreign banks and develop Indian banks.

The Imperial Bank of India

(The Imperial Bank of India, the biggest bank in India and the apex of her banking structure, has been established by the amalgamation of the three Presidency Banks. Besides the ordinary banking functions, it enjoys the privilege of being the sole banker to the government. It has also a further importance in the fact that it is the banker to all banks in India.)

It manages the public debt and supplies the public with the currency they require from the government currency offices. It has opened numerous branches in the country.

Complaints have been heard against the Imperial Bank in its treatment of Indian banks and Indian business men. Its capital and management are overwhelmingly foreign.

The government as a banker

(The Government in India is also a big banker. It takes deposits from the people through its post office savings banks. It also lends money to the ryots as agricultural advances (*lakari loans*). The volume of these transactions amounts to several crores of rupees every year.)

Besides, the government manages the note issue and deals in the foreign exchanges of the country.

The Co-operative Banks

The Co-operative Banks have been discussed in detail elsewhere. They are of three grades (1) the Village Bank, (2) The Central Bank which finances the village banks, and (3) the Provincial Bank which finances the banks and the whole co-operative movement.

The main deficiencies of Indian banking

(1) *Insufficient banking facilities in India* are due not so much to the poverty of the people as to their habits of hoarding. For every 13 sq miles there is a bank in Britain whereas in India we have a bank in every 3500 sq miles.

Japan with one-sixth of India's population has banks 15 times as many as we have in India, the United Kingdom with nearly one-seventh population has banks 20 times as many as in India.

(2) Those which exist are of very small size. The Imperial Bank of India, the biggest Indian Bank, has only one-third of the deposits of the National Provincial Bank, the smallest of the 'big five' in London.

(3) *Our banks lack variety and deal principally in short term loans.*

We have no banks of our own to deal with our foreign exchanges nor have we industrial* and land-mortgage† banks which would help our industries and agriculture.

* Industrial Bank.

India's supreme need. These industries have to be developed by special banking agencies. Banks would need large

